



Government of Canada  
Fisheries and Oceans

Gouvernement du Canada  
Pêches et Océans

GCCMS # 2016-012-00078  
EKME #3569629

To: Matthew King

Date:

Object: **SCENARIO NOTE FOR THE DEPUTY MINISTER GOVERNANCE COMMITTEE –  
DEFENCE PROCUREMENT STRATEGY (DPS), FEBRUARY 5, 2016**

From: Jeffery Hutchinson, Deputy Commissioner, Strategy and Shipbuilding

*JH* FEB 04 2016

Via: Jody Thomas, Commissioner

*JT* FEB 04 2016

Additional approval:

Robert Wight, Director General, Major Projects

*RW* FEB 04 2016

Rosangela Guerra, Director, Business Support

*RG* FEB 01 2016

*RG* FEB 01 2016

Your Signature

Approval

For Comments

Material for the Minister

Remarks:

Please find attached a scenario note to support you in attending the Deputy Minister Governance Committee (DMGC) meeting for the Defence Procurement Strategy (DPS) on February 5, 2016.

*CW*  
Drafting Officer: Catherine Walsh (998-8872) / RG/ df

*FEB 01 2016*



Fisheries and Oceans  
Canada

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Canada

Canadian  
Coast Guard

Garde côtière  
canadienne

Deputy Commissioner

Sous Commissaire

SECRET

FEB 04 2016

*Confidence of the Queen's Privy Council*

2016-012-00078

MEMORANDUM FOR THE COMMISSIONER

s.69(1)(g) re: (a)

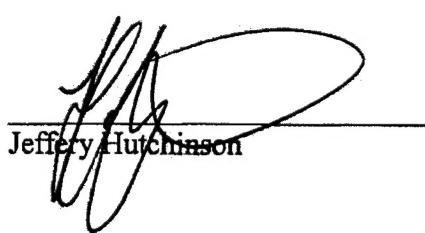
**SCENARIO NOTE FOR THE COMMISSIONER: GOVERNANCE COMMITTEE  
ON THE DEFENCE PROCUREMENT STRATEGY, FEBRUARY 5, 2016**

**SUMMARY**

A scenario note (Tab A) and an agenda (Tab B) for the meeting of the Deputy Minister Governance Committee (DMGC) for the Defence Procurement Strategy (DPS) are attached.

Meeting materials are also attached (Tabs 1 to 7).

The meeting will be held on Friday, February 5, 2016 from 2:00 pm to 4:30 pm, at Place du Portage, Phase 3, Tower A, 17A1 (Michael G. Nurse boardroom).

  
Jeffery Hutchinson

Attachments

Tab A – Scenario Note  
Tab B – Agenda  
Tabs 1 – 7 – meeting materials

s.69(1)(g) re: (a)

**TAB A – SCENARIO NOTE**

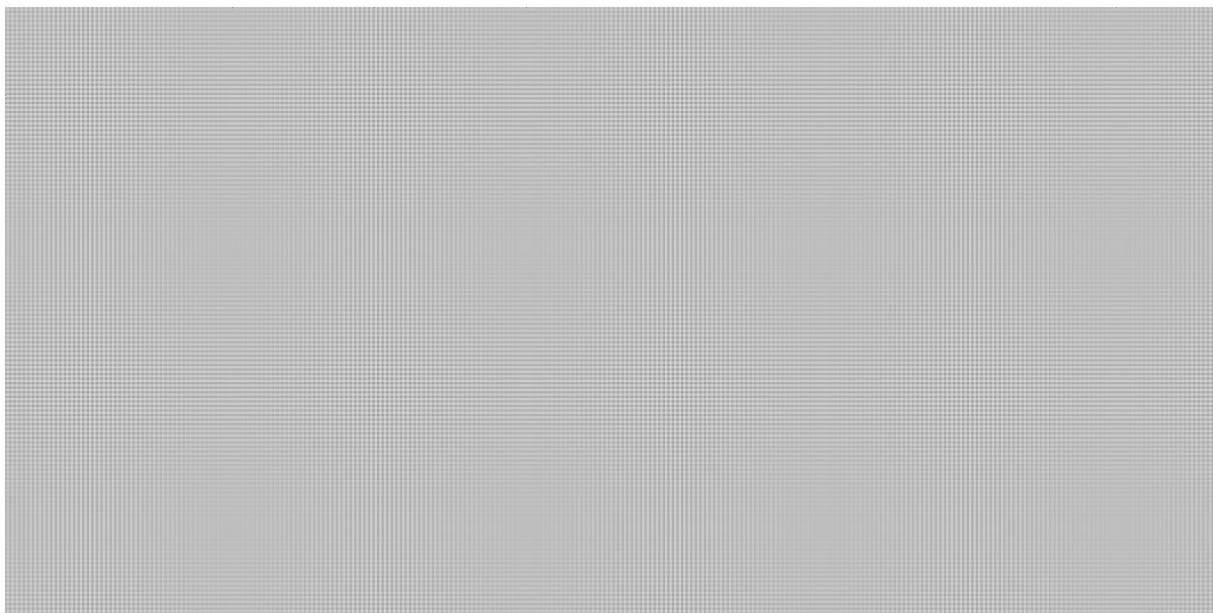
**Governance Committee on the Defence Procurement Strategy, February 5, 2016**

**Overview**

The Deputy Minister Governance Committee (DMGC) for the Defence Procurement Strategy (DPS) and the National Shipbuilding Procurement Strategy (NSPS) will meet on Friday, February 5, 2016. The agenda is as follows:

- **Opening Remarks and Approval of the Summary of Discussion**
  - The last special DMGC meeting was held on January 21, 2016
  - Summary of Discussion is attached (Tab 1)
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- **DMGC Tracking Chart Highlights (Tab 6)**
- **Roundtable and Closing Remarks**

Information and key messages are provided below for items related to the Canadian Coast Guard procurements.



**Pages 4 to / à 7  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**69(1)(g) re: (a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**

s.15(1)(I.A.)  
s.21(1)(a)  
s.21(1)(b)  
s.69(1)(g) re: (a)

**Issue: DMGC Tracking Chart and Forward Planning Agenda**

May 2016.

The item is now scheduled for

**Objective**

- Advise that this item is scheduled to be presented to DMGC in May 2016.

**Key Messages**

-

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**Defence Procurement  
Strategy**

**Stratégie d'approvisionnement  
en matière de défense**

**DEPUTY MINISTER GOVERNANCE COMMITTEE**

Friday, February 5, 2016

2:00 p.m. – 4:30 p.m.

Place du Portage, Phase 3, Tower A, 17A1

Michael G. Nurse boardroom

s.69(1)(g) re: (a)

**AGENDA**

#	Timing	Agenda Item / Documents in <i>italics</i>	Purpose	OPI
1	2:00 – 2:05 (5 min)	<b>Opening Remarks and Approval of the Summaries of Discussion</b> • <i>Summary of Discussion – November 27, 2015</i> • <i>Summary of Discussion – January 21, 2016</i>	Decision	Sponsor DM: <b>G. Da Pont</b>
2	2:05 – 3:05 (60 min)		Decision	Sponsor DM: <b>G. Da Pont</b> Presenter: <b>C. Webster</b>
3	3:05 – 3:30 (25 min)		Decision	Sponsor DM: <b>M. King</b> Presenter: <b>J. Hutchinson</b>
4	3:30 – 3:55 (25 min)		Decision	Sponsor DM: <b>M. King</b> Presenter: <b>J. Hutchinson</b>
5	3:55 – 4:20 (25 min)		Decision	Sponsor DM: <b>G. Da Pont</b> Presenters: <b>M. Crawley</b>
6	4:20 – 4:25 (5 min)	<b>DMGC Tracking Chart – Highlights</b> • <i>DMGC Tracking Chart</i>	Information	Sponsor DM: <b>G. Da Pont</b> Presenter: <b>C. McColgan</b>
7	4:25 – 4:30 (5 min)	<b>Roundtable and Closing Remarks</b>	Information	Sponsor DM: <b>G. Da Pont</b>

To: 19

Package: 22

Delivered on : 02/02/2016

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**Defence Procurement Strategy (DPS)  
Special Deputy Minister Governance Committee (DMGC)  
Summary of Discussion (SOD), Meeting of November 27, 2015**

**1. Opening Remarks**

- The Chair welcomed members and provided a summary of their recent discussion with Hitachi Consulting regarding the status of the review of NSPS governance.

**2. Initial Requirements Reconciliation**

- DND opened the discussion by noting that this would be the first of several engagements with the committee on the Canadian Surface Combatant (CSC), and highlighted the need to have detailed discussions on several key topics before approaching Ministers on upcoming decisions.
- Members were updated on the status of the project, with discussion focused on the recent completion of the Initial Requirements Reconciliation (IRR) exercise. The objectives of the exercise and the roles of third-party experts in the process were highlighted. It was noted that the completion of this work was a significant milestone in the multi-year definition phase of the project.
- It was also noted that while findings from the exercise have informed changes to the requirements, many decisions were still needed on specifications. Members were also cautioned of the need to build flexibility into the core design at the beginning as it would not be possible to add it later.
- Members inquired about how the IRR considered developmental technology. It was noted that the exercise limited potential capabilities to those that already exist, or would exist, to ensure that any developmental capabilities were limited in their overall effect on cost and ship performance. The fact that systems will change over time, including throughout the construction of the vessels, was noted.
- The committee also discussed when the number of ships that could be acquired would be known, and when updated cost estimates would be available. Members were informed that costing work was underway, and discussed how Ministers would be provided with the updated information. The risk associated with presenting Ministers with incomplete or interim information was also stressed.
- Members also noted the pause in the procurement to allow for additional analysis of how the IRR results could potentially be reflected in the

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procurement strategy. The Chair asked DND to share the key messages related to the pause with members.

- Following the discussion, a series of follow-up briefings were proposed and agreed-to by members.

**Action Items:**

- *DPS Secretariat to schedule briefings for DMGC on:*
  - *Overview of defence policy and Royal Canadian Navy missions (i.e., unpacking of slides 10/11)*
  - *Cost and risk opportunities identified through initial requirements reconciliation process (i.e., unpacking of slides 14/15)*
  - *Presentation by the Chair of the Independent Review Panel for Defence Acquisition*
  - *Results of procurement options analysis*
  - *Briefing for Ministers on options*
- *DND also agreed to arrange a workshop on costing related to CSC with AT Kearney, DND's Chief Financial Officer, and Central Agencies*
- *DND to share key messages related to the pause in the CSC procurement with members.*

**3. Roundtable and Closing Remarks**

- The Chair noted for members that additional security measures would be implemented for committee operations, including further limitation of document distribution and meeting attendance. The Executive Director (DPS Secretariat) was directed to bring forward an overview of these measures to the committee for review.
- The Chair also noted the request for a "Procurement 101" briefing for Ministers, and designated ADM (Acquisitions) as the lead for development of material, in collaboration with DND and ISED.

**Action Items**

- *Executive Director (DPS Secretariat) to develop security protocol relating to DPS committee operations and bring forward to the committee.*
- *ADM (Acquisitions), PSPC to lead drafting of "Procurement 101" deck, in collaboration with DND and ISED.*

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Attendance – November 27, 2015

Regular Members	
<b>Public Services and Procurement Canada</b>	
<b>Mr. George Da Pont (Chair)</b>	Deputy Minister
<b>National Defence</b>	
<b>Mr. John Forster</b>	Deputy Minister
<b>Innovation, Science and Economic Development</b>	
<b>Mr. John Knubley</b>	Deputy Minister
<b>Fisheries and Oceans</b>	
<b>Ms. Jody Thomas for Mr. Matthew King</b>	Commissioner, Canadian Coast Guard
<b>Global Affairs</b>	
<b>Mr. Cameron MacKay for Ms. Christine Hogan</b>	Director General, Trade Sectors
Ex Officio Members	
<b>Mr. Ian Burney for Mr. Les Linklater</b>	Assistant Secretary to the Cabinet, Privy Council Office
<b>Mr. Alexis Conrad for Mr. Iain Stewart</b>	Executive Director, Treasury Board Secretariat
<b>Ms. Ailish Campbell for Mr. Paul Rochon</b>	General Director, Finance Canada

National Defence:

Mr. Pat Finn, Assistant Deputy Minister (Materiel)  
VAdm Mark Norman, Commander, Royal Canadian Navy  
Cmdre Arthur McDonald, Director General, Naval Force Development  
Capt(N) Brian Costello, Director, Naval Major Crown Projects  
Mr. Ian Mack, Director General, Major Project Delivery (Sea)

Fisheries and Oceans Canada

Mr. Jeffery Hutchinson, Deputy Commissioner, Strategy and Shipbuilding

Privy Council Office

Mr. Nicolas Erdody, Analyst, Economic and Regional Development Policy

Innovation, Science and Economic Development

Ms. Kelly Gillis, Associate Deputy Minister  
Mr. Jeff Waring, Senior Director, Industrial and Technological Benefits

Global Affairs Canada

Mr. Nathan Lysons, Trade Commissioner, Defence and Security

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**Public Service and Procurement Canada:**

**Mr. Gavin Liddy, Associate Deputy Minister**

**Mr. Scott Leslie, Director General, Marine Sector**

**Ms. Jessica Wright, Strategic Advisor, Deputy Minister's Office**

**Mr. Charles McColgan, Executive Director, Defence Procurement Strategy Secretariat**

**Mr. John Gorrie, Director, Defence Procurement Strategy Secretariat**

**Ms. Michelle Cousineau, A/Director, Defence Procurement Strategy Secretariat**

**Mr. Andrew Laing, Policy Analyst, Defence Procurement Strategy Secretariat (note taker)**

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**Defence Procurement Strategy (DPS)  
Special Deputy Minister Governance Committee (DMGC)  
Summary of Discussion (SOD), Meeting of January 21, 2016**

**1. Opening Remarks**

- The Chair welcomed members and other guests, including the Chair of the Independent Review Panel for Defence Acquisition. Approval of the Summary of Discussion from the meeting of January 14, 2016 was postponed to the end of the agenda pending the arrival of remaining members.

**2. CSC Requirements – Unpacking Slides 14 & 15**

- The Royal Canadian Navy (RCN) began the briefing by reiterating objectives of the Initial Requirements Reconciliation (IRR) process and the outcomes from prior DMGC briefings on November 27 and December 17, 2015. It was emphasized that while the completion of the IRR exercise was a significant milestone, work on refining requirements would continue throughout the remainder of the project's definition phase. It was also noted that while cost-capability trade-offs were being made as a result of the IRR exercise, these trade-offs would not be sufficient to eliminate concerns related to the existing budget.
- A handout that provided additional detail on the thirteen cost/risk opportunity drivers identified through the IRR exercise and resulting recommendations was distributed.
- Using this handout, the RCN presented each driver and outlined the corresponding key considerations and rationale for the decision to either accept the recommendation, maintain the initial requirement, or undertake further study.
- Two drivers ("cooperative engagement capability" and ship speed) were highlighted during the presentation as requiring additional analysis before a decision can be made on these requirements. As well, the decision related to "variants" may deviate from existing government direction and may need to be reconciled at an appropriate time.
- The Committee inquired whether there were differences in the materiality of potential savings associated with the thirteen drivers. The RCN confirmed there were differences. It was explained that any description of this materiality would be in rough-order-of-magnitude terms due to the complexity associated with separating costs out at the individual capability/system level, as well as the current level of cost estimate fidelity.

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Members recommended that future briefings to DMGC or Ministers should include this additional level of detail on the cost-capability trade-offs associated with each driver to help decision-makers understand the context and implications of each decision.

- A member inquired whether there were other potential areas of cost savings that were not presented because the corresponding operational risks were considered too high. The RCN confirmed that there were no additional major cost/risk opportunity drivers. It was noted that additional cost savings may be found as the final Statement of Requirements (SOR) is translated into detailed specifications through discussions with the shipyard.
- A member inquired whether the revised SOR represented an achievable configuration of capabilities. The RCN confirmed that the IRR exercise was based on achievable capabilities.
- The RCN concluded by noting that as a result of the IRR exercise, they now had sufficient confidence in the revised SOR to be used as the basis for programmatic decisions.

**Action Items:**

- NIL

**3. CSC Summary of Findings by the Independent Review Panel for Defence Acquisition (IRPDA)**

*Note: Due to the nature of the Panel's recommendations (i.e., advice to a Minister) and the security classification of the document supporting this item, this Summary does not include all details raised during the discussion.*

- A handout that provided a summary of the Panel's key conclusions was distributed. The Chair of the IRPDA provided an overview of the process through which it reviewed the IRR exercise as well as observations related to the Panel's findings, which reflected the conclusions of all Panel members.
- Members discussed the costing information developed in support of the IRR exercise. It was emphasized that the information was developed with a level of rigour appropriate to the context in which it was prepared, but that the interpretation of the information must be done with a high degree of caution. This is due to the fact that the costing was done based on theoretical combinations of capabilities. It had also not yet been validated by DND's Chief Financial Officer.

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- It was noted that the work underway to update costing information and analyze fleet mix options will produce important information for Ministers.
- A member inquired when the Panel would be re-engaged on CSC. The Chair of the IRPDA noted the Panel's openness to be engaged throughout the process and DND highlighted that the Panel would be engaged in the next phase of requirements reconciliation.
- A member inquired about the role of DMGC as it relates to the revision of the SOR. It was emphasized that requirements are the responsibility of the Minister of National Defence. The Chair of DMGC highlighted that DMGC would continue to be briefed on the evolution of the requirements as part of its role in reviewing items being put forward for Ministers. It was also noted that DMGC would be engaged on the next major item for the CSC project in the Fall.
- The Chair concluded this item by providing a summary of the key conclusions of the RCN and IRPDA presentations:
  - o The IRR exercise has identified some cost-capability trade-offs, but not enough to reconcile concerns with the ability of the project to deliver the required capability within the existing budget;
  - o There are real-world examples of vessels that could, with modification, meet the revised High Level Mandatory Requirements;
  - o There was a need to provide a sense of the materiality of the savings resulting from the IRR exercise;
  - o The IRPDA was satisfied with the IRR exercise; and,
  - o Work remains on revising cost estimates and analyzing the appropriate fleet size.

**Action Items:**

- NIL

**4. Roundtable and Closing Remarks**

- The Chair asked members for comments on the summary of discussion (SOD) from the meeting of January 14, 2016, highlighting in particular the level of detail.
- A member asked how the CCG had undertaken requirements reconciliation work, and what information would be brought forward to DMGC. The CCG noted that they will explain what work has been done on their advanced projects (OOSV & Polar), and that they are exploring options for their longer-term projects (OPV & MEMTV).

**Decision**

- *The SOD from January 14, 2016 DMGC meeting was approved.*

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**Attendance – January 21, 2016**

<b>Regular Members</b>	
<b>Public Services and Procurement Canada</b>	
<b>Mr. Gavin Liddy (Chair) for Mr. George Da Pont</b> Associate Deputy Minister	
<b>National Defence</b>	
<b>Mr. John Turner for Mr. John Forster</b> Associate Deputy Minister	
<b>Innovation, Science and Economic Development</b>	
<b>Mr. John Knubley</b> Deputy Minister	
<b>Fisheries and Oceans</b>	
<b>Ms. Jody Thomas for Mr. Matthew King</b> Commissioner, Canadian Coast Guard	
<b>Global Affairs</b>	
<i>No member available</i>	
<b>Ex Officio Members</b>	
<b>Mr. Ian Burney for Mr. Les Linklater</b> Assistant Secretary to the Cabinet, Privy Council Office	
<b>Mr. Iain Stewart</b> Associate Secretary, Treasury Board Secretariat	
<b>Ms. Marta Morgan for Mr. Paul Rochon</b> Associate Deputy Minister, Finance Canada	

Independent Review Panel for Defence Acquisition

Mr. Larry Murray, Chair

Ms. Mollie Royds, Executive Director (Independent Review Panel for Defence Acquisition Office)

National Defence:

Mr. Pat Finn, Assistant Deputy Minister (Materiel)

Mr. Ian Mack, Director General, Major Project Delivery (Sea)

VAdm Mark Norman, Commander, Royal Canadian Navy

Cmdre Michael Wood, Project Manager (Canadian Surface Combatant)

Capt(N) Brian Costello, Director (Naval Major Crown Projects)

Fisheries and Oceans Canada

Mr. Jeffery Hutchinson, Deputy Commissioner (Strategy and Shipbuilding)

Treasury Board Secretariat

Ms. Nancy Chahwan, Assistant Secretary (Government Operations Sector)

Innovation, Science and Economic Development

Mr. Phil Jennings, Assistant Deputy Minister (Industry Sector)

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**Public Service and Procurement Canada:**

Ms. Jessica Wright, Strategic Advisor (Deputy Minister's Office)  
Ms. Lisa Campbell, Assistant Deputy Minister (Defence Procurement)  
Mr. Scott Leslie, Director General (Marine Sector)  
Mr. Craig Webster, Director (Canadian Surface Combatant)  
Mr. Charles McColgan, Executive Director (Defence Procurement Strategy Secretariat)  
Mr. John Gorrie, Director (Defence Procurement Strategy Secretariat)  
Ms. Michelle Cousineau, A/Director (Defence Procurement Strategy Secretariat)  
Ms. Heather Kemp de Escalante, Senior Director (Defence Procurement Strategy Secretariat)  
Ms. Catherine Milot, Junior Policy Analyst (Defence Procurement Strategy Secretariat)  
Note Taker: Mr. Andrew Laing, Policy Analyst (Defence Procurement Strategy Secretariat)

**Pages 19 to / à 103  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**69(1)(g) re: (a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**

s.21(1)(a)  
s.21(1)(b)  
s.69(1)(g) re: (a)  
s.69(1)(g) re: (c)

## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

#### Status of Action Items Requested by the Deputy Minister Governance Committee

Committee	Agenda Item	Action Items	Status
	<i>Opening Remarks and Introduction of Shipbuilding Advisor</i>	68. Members are to inform their respective Ministers on the intent of the PSPC Minister to announce the selection of the expert advisor for the National Shipbuilding Procurement Strategy.	In progress.
DMGC January 14, 2016			In progress.
			In progress.
			In progress.
DMGC December 17, 2015	Canadian Surface Combatant	62. ADM (Defence Procurement) to adjust introduction to defence procurement presentation.	Completed.

To: 19  
Package: 22  
Delivered on : 02/02/2016

1  
Updated: 1 February 2016

s.15(1)(A.)

s.21(1)(b)

Committee	Agenda Item	Action Items	Status
DMGC November 19, 2015	NSPS Governance – Third Party Review	61. The draft NSPS Governance Review report is to be circulated to members. This item was confirmed on the forward planning agenda for December DMGC.	Completed. Final report received December 18.
	CF-18 Replacement	60. DND to update the presentation the week of November 30 <sup>th</sup> in light of comments received from members.	Completed.
	Shipbuilding Advisor	59. Proceed with plans to hire a shipbuilding expert in December.	Completed. Mr. Steven Brunton is under contract.
	Project Status Report	58.	In progress. Scheduled for April/May DMGC meeting.
<b>Industrial Benefits</b>			
		57. Industry Canada to incorporate suggestions made in a revised Deck.	Completed.
		56. DPSS to incorporate elements of the Industrial Benefits deck (e.g. slides 6-7) into the NSPS Storyline.	Completed.
		55. DPSS to ensure alignment of the storyline with the transition advice prepared for Ministers, prepare a condensed version of the NSPS Storyline deck for the end of October 2015, and share a draft with members in advance for comment.	Completed.
DMGC October 14, 2015	Defence Analytics Capability - Update	54. Industry Canada to return to DMGC after a contract is awarded to brief on work to be carried out by the contractor.	Pending. ISED briefed ADMC on Nov. 3, 2015, but has not yet gone back to DMGC. ○ DPSS is looking at possibility of an information brief to ADMC in February/DMGC in March.

s.15(1)(I.A.)  
s.21(1)(a)  
s.21(1)(b)  
s.69(1)(g) re: (a)

Committee	Agenda Item	Action Items	Status
	<i>Projects Status Report</i>	53. A briefing on the anticipated gap in the schedule and the how various components of the CSC project are progressing to be ready for Ministers in November 2015.	In progress • Updated Plan for briefing to Ministers required.
		52.	In progress • Scheduled for May DMGC meeting.
	<i>Project Status Reports</i>	51.	Completed.
			✓
		50. DPSS to review the security classification that could be or should be assigned to the Executive Summary and Project Dashboards.	Completed. New version of the Executive Summary includes in the footer of each page the warning: "Draft for discussion NOT for distribution."
			✓
DMGC September 24, 2015	NSPS – Options for Buying OOSV Design	49. DPSS to incorporate issues brought to light as part of the discussion on "Options for Buying OOSV Design" to the NSPS Storyline, which is being developed to provide transition advice to Government later this year. 48. CCG to look into establishing an independent third-party challenge function for the OOSV and for other major CCG projects similar to the IRPDA established by DND.	Completed. In progress.
		47. DPSS to circulate the package that is to be sent to PCO as documents are ready, and by no later than Friday, October 2, ahead of the proposed October 5 teleconference discussion by DMs.	Completed.
			✓

Committee	Agenda Item	Action Items	Status
	Roundtable	46. DPSS to circulate the current version of the MiP Military Procurement paper to DMGC members.	Completed. ✓
DMGC August 26, 2015	NSPS	45. DPSS to lead the development of a Storyline on NSPS costing. TB and Finance to lead on budgeting. Due December 2015. 44. MS to lead the development of a Program of Work Approach for the non-combat package and in particular, the CCG fleet Renewal due December 2015. 43. DPSS to work with partner departments to develop a workplan to manage these two pieces of work to be presented at ADMIC and DMGC in September 2015. 42. Although not specifically requested, DPSS will include a legend on the meaning of the three colour used in the Executive Summary for the Sep DMGC.	Completed. In progress. Date for ADMIC/DMC consideration TBD. ✓
	Opening Remarks	41. DPSS to provide an interim dashboard at August DMGC with a final dashboard provided for September's DMGC.	Completed. In progress. ✓
DMGC July 30, 2015	Presentation by First Marine International NSPS	40. Have the following 3 <sup>rd</sup> party experts brief DMGC on work they are doing to support NSPS: 39. Create a list of all 3 <sup>rd</sup> party reviews underway or anticipated. 38. Create a schedule of upcoming meetings with the Clerk, including issues to be discussed, to facilitate forward planning and document development. 37. In advance of August 28 meeting with Clerk: o Create a detailed timeline of key decisions required in next 12 months, including deliverables and activities required to arrive	- KPMG presented at August 26 DMGC - SPAR to present to present at February 5 DMGC. - FMI may return to brief on target state assessments and shipyard presence in late 2015/early Winter Completed. Completed. ✓ Completed. ✓

Committee	Agenda Item	Action Items	Status
		<p>at decisions. Create a decision matrix clarifying who decides what (including how information flows);</p> <ul style="list-style-type: none"> <li>o Unpack the NSPS capacity issue to clearly identify what is needed, where and how it should be acquired (i.e. hire and develop in-house vs 3<sup>rd</sup> party contract support);</li> <li>o Develop an overview of NSPS performance indicators across all three levels (project, program/shipyards; strategic).</li> </ul>	
<b>Roundtable – Meeting with the Clerk on August 28</b>	<b>36. PWGSC committed to provide requested material (see above) to DMGC by August 14.</b>	<b>✓</b>	
		<p>35. Implement governance consolidation of FWSAR.</p> <p>34. Develop Governance matrix for DM, ADM, DG level guidance to add clarity – part of package to Clerk (July 27)</p> <p>33. Examine future role of Ministerial working group and/or committee</p> <p>32. Build structure of single Secretariat – including resources (HR – 30 FTEs), governance issue tracking and project monitoring, record keeping and information flow, governance support including workplan and metrics.</p> <p>31. Confirm meeting dates and times for ADMC and DMGC for the remainder of 2015</p> <p>30. Circulate forward agenda</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>In progress</p> <ul style="list-style-type: none"> <li>- One-pager being drafted by DPSS on updates to information flow</li> </ul> <p>Completed</p> <p>Completed</p>
<b>DM Workshop July 2, 2015</b>	<b>NSPS</b>	<b>Monitoring projects and reporting to senior committees</b>	<b>✓</b>
		<p>29. Develop proposal to ensure effective tracking and reporting of projects to senior-level committees. Incorporate best practices and lessons learned from MPMO model and DPS dashboard, where appropriate (process)</p>	<p>Completed.</p> <p>✓</p>
		<b>Strengthen analytical capacity and information flow</b>	<b>✓</b>

Committee	Agenda Item	Action Items	Status
		<p>28. To ensure more strategic analysis is provided on defence procurements, conduct assessment of analytical capacity. Should include:</p> <ul style="list-style-type: none"> <li>o government wide capacity</li> <li>o departmental capacity</li> <li>o inventory of contracted support – Marine</li> </ul>	Completed.
		<p>27. Identify benchmarks to evaluate cost and competitiveness for shipbuilding (e.g. premiums, Canada vs. other countries)</p> <ul style="list-style-type: none"> <li>• Performance measurement framework, including measures for cost benefit analysis being developed.</li> </ul>	In progress
		Establish the interim DAI on RFP package	Completed.
	<b>NSPS capacity</b>		✓
		<p>26. Develop proposal to augment federal presence at the shipyards (to include a single senior official to manage the Canada-Shipyard relationship at each yard)</p>	Completed.
		25. Conduct an assessment of where additional expertise may be required to support NSPS work	Completed.
		<p>24. Investigate the use of template contracts to standardize contract Ts and Cs – to shorten negotiations and facilitate on-time execution of projects</p>	To be addressed via item #45.
		<p>23. Pending outcomes of the review of analytical capacity, on-site presence and DPSS capacity, build a Business Case (to be discussed with DM)</p>	<p>In progress</p> <p>Requirements for additional capacity and training being validated; return to DMGC for an update December 2015.</p>
	<b>Opening Remarks</b>	22. The Defence Procurement Strategy implementation letter to be distributed to Members once an updated version is available.	Decision was made not to send the letter. ✓
DMGC June 11, 2015	NSPS	21. CSC: DND/PWGSC to revise presentation for the Working Group of Ministers and re-circulate to members by end of day June 11.	

Committee	Agenda Item	Action Items	Status
		Document is to provide appropriate background linking the recommendations to the approved procurement strategy; information on the proposed role of Irving Shipbuilding and how this compares to the traditional role of a prime contractor; relevant next steps; and a proposed communications approach with key messages.	Completed.
		20. CSC: Presentation is also to include an annex that presents the initial findings of the AT Kearney and SPA reports on preliminary requirements and any related next steps. DND/DPWGSC to consult Irving Shipbuilding on this annex prior to distribution to Ministers to ensure material complies with Irving Shipbuilding's obligations under United States International Traffic in Arms Regulations.	Completed
		19. PWGSC to engage DMGC Members on the recommended procurement approach prior with respect to governance review.	Completed.
		18. CCG to prepare one slide on project status for briefing the Working Group of Ministers. Slide to note status of Treasury Board approval, third-party oversight and build contract.	Completed.
		17. Secretariat to add discussion of lessons learned from OFSV project to ADMC and DMGC forward agenda.	In progress. SPAR scheduled to present to DMGC February 5, 2016.
		16. Provide an update to DPS Governance on the KPMG led report focusing on an NSPS costing reporting framework.	Completed. Overtaken by efforts of TBS/FIN/PCO regarding costing and budgeting
<i>Defence Analytics Capacity</i>		15. PWGSC to initiate meeting between PWGSC and IC Ministers' Offices on potential approaches.	Completed.
		14. DND to provide suggested wording to define when reporting requirements as outlined in draft Stakeholder Engagement Protocol would be triggered (e.g., seniority of meeting attendees; significance of issues) by June 17, 2015.	Completed.
<i>Industry Engagement</i>			✓
			✓

s.69(1)(g) re: (a)  
s.69(1)(g) re: (d)

Committee	Agenda Item	Action Items	Status
		13. Secretariat to propose revised Protocol to ADMC at a future date.	Completed.
NSPS		12. NSPS to incorporate DMGC comments and circulate revised version of NSPS governance review Terms of Reference to DMGC members for information. Secretariat to share revised version with PWGSC and TB Ministers' Offices for comments.	Completed.
		10. MS to lead the development of a Program of Work Approach for the non-combat package and in particular, the CCG fleet Renewal due December 2015.	In progress. Same as 45.
DMGC April 28, 2015	DND Delegated Authority	8. TBS to provide comments to DND on the "Implementation Schedule" document circulated at the meeting. 7. Secretariat to refine document to reflect DM comments. 6. Updated document to be discussed by ADMG on April 8, 2015 and return to DMGC on April 28, 2015. 5. Secretariat and DND to develop proposal for a monitoring dashboard for initial discussion at ADMC. 4. Secretariat to revise document to clarify policy-related responsibilities. 3. Updated document to be discussed by ADMC on April 8, 2015 and return to DMGC on April 28, 2015.	Completed.
DPS Secretariat		2. PWGSC to draft, and circulate to members, proposed Terms of Reference for a governance review focused on an assessment of current structure and recommendations for improvement.	Completed.
NSPS Governance Review			

Committee	Agenda Item	Action Items	Status
		1. MS to lead the development of a Program of Work Approach for the non-combat package and in particular, the CCG fleet Renewal due December 2015.	In progress. Same as 45. ●

**Legend:**

- ✓ : Task completed successfully.
- : Work progressing on schedule and within scope.
- : Work facing potential delays and/or issues.
- : Work facing high risk for significant delay or issues.
- ✗ : Task not completed as overtaken by events.



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Approved by ADM

Docket #: 2017-009-00134  
Security Classification: SECRET

## SCENARIO NOTE

### DEPUTY MINISTERS GOVERNANCE COMMITTEE MEETING – DEFENCE PROCUREMENT STRATEGY - MARCH 10, 2017

#### Overview

This scenario note is provided for the Deputy Ministers Governance Committee (DMGC) meeting, and the in-camera session scheduled beforehand, to take place on March 10, 2017.

#### *A – In Camera Meeting – Core Deputy Ministers Discussion*

Core DMGC members (not central agencies or Global Affairs Canada) will participate in an in-camera discussion with Mr. Steve Brunton, Independent Expert Advisor on Shipbuilding. This discussion is scheduled for Friday, March 10, 2017, from 8:30 a.m. to 9:15 a.m., at Place du Portage, Phase 3, Tower A, 17A1 (Michael G. Nurse boardroom).

An agenda is included (Tab A).

#### *B – DMGC Meeting*

The regular DMGC meeting will be held from 9:15am to 11:15am, in the same location. Meeting materials are provided (Tab B). The agenda for this meeting is as follows:

1. **Opening Remarks and Approval of the Summary of Discussion**
  - Document provided (Tab 1)
2. **Master Schedule**
  - Document provided (Tab 2)
3. **Supplier Engagement Strategy – Future Fighter Capability**
  - For decision
  - Document provided (Tab 3)
4. **Economic Impacts of the Industrial and Technological Benefits Policy**
  - For decision
  - Document provided (Tab 4)
5. **National Shipbuilding Strategy Risk Management Process**
  - For decision
  - Document provided (Tab 5)
6. **DPS Project Status Report**
  - Document provided (Tab 6)

**7. Update on Consolidation of Vancouver Shipyards Program Proposal**

➤ For information	s.21(1)(a)
➤ Verbal update	s.21(1)(b)
<b>8.</b>	s.69(1)(g) re: (a)

(Tab 8)

**9. DPS Governance**

➤ For information
➤ Document provided (Tab 9)

**10. Roundtable and Closing Remarks**

Details and key messages are provided for issues that may be raised at the meetings.

**1. Supplier Engagement Strategy – Future Fighter Capability (Tab 3)**

The Future Fighter Capability project (FFCP) is seeking to acquire a permanent replacement fighter aircraft fleet and associated in-service support through an open and transparent competition, resulting in the right aircraft at the right price that provides economic benefits to Canada.

The FFCP is expected to seek input from foreign government agencies, original equipment manufacturers, and Canadian industry to ensure an efficient, open and transparent competition process. Canada will also provide opportunities for bidders to offer feedback on draft bid solicitation documents to maximize competition and chances of a successful procurement.

The FFCP is very complex and the procurement of a replacement fighter aircraft represents a very challenging undertaking.

s.21(1)(a)

s.21(1)(b)

Public Services and Procurement Canada is seeking DMGC approval of their suggested approach for supplier engagement, which will be presented to you during the meeting. The FFCP will be returning to DMGC at a future date to provide further updates on how Canada aims to implement the FFCP.

**Objectives:**

- Learn about the project objectives, risks, issues and status of the FFCP;
- Provide your endorsement of the supplier engagement approach presented by PSPC.

s.21(1)(a)  
s.21(1)(b)  
s.69(1)(g) re: (a)

**Key Messages:**

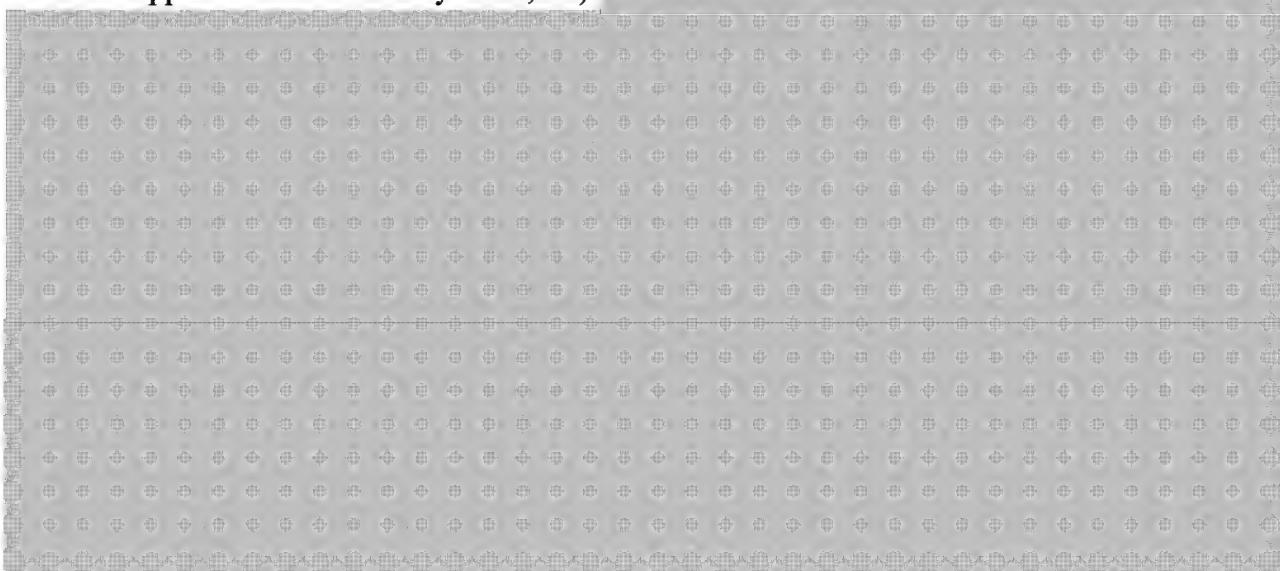
- The FFC Project is a very complex undertaking. It will be important to ensure proper expectations' management and communications around this project.
- Are there any lessons or strategies that can be learned from other countries that are in the process of procuring new fighters for their respective fleets?

**2. Economic Impacts of the Industrial and Technological Benefits Policy (Tab 4)**

The purpose of this presentation is to provide both an update on the benefits secured under Canada's industrial offset regime for defence procurement (overall and during the past year) as well as an overview of key initiatives and context for future decisions.

Canada formalized its Industrial and Technological Benefits (ITB) policy in 1986, which requires defence contractors to invest in Canada equal to the value of their contract. Investments may be directly related to the procurement or indirectly benefit any sector of the economy. Since this policy was implemented, Canada has seen growth in its economy and various manufacturing and service industries across the country, increasing partnerships with small and medium sized enterprises, and support for innovation.

The ITB policy was updated in 2014. Defence contracts are now awarded based on each bidder's economic commitment to Canada, as described in their Value Proposition, alongside price and technical merit. There has been strong evidence that the Value Proposition is working (more commitments to Research and Development investments, more Canadian equipment and services used to support Canada's military fleets, etc.).



**Key Messages:**

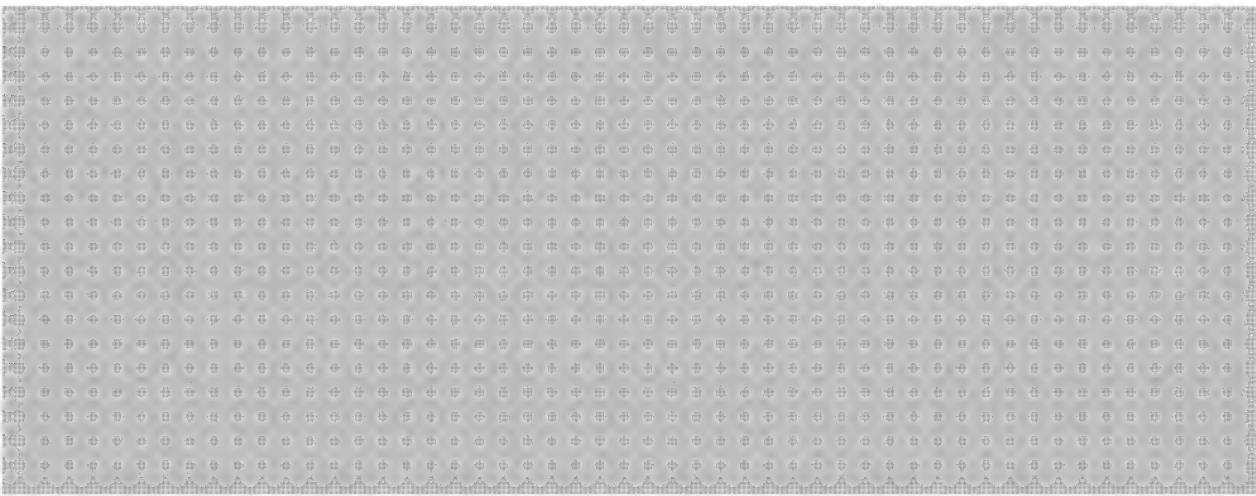
- **The ITB Policy, Including Value Proposition, seems to be a powerful tool to benefit small and medium sized enterprises in Canada. The continued expansion of the marine sector should provide strong growth potential for these enterprises across the country.**

**3. National Shipbuilding Strategy Risk Management Process (Tab 5)**

In fall 2016, the National Shipbuilding Strategy (NSS) Program Management Office began rebuilding the risk management processes that were developed in 2014. This exercise emerged as a result of senior management interest and concern that more consideration of risks should be taken at the Deputy Minister (DM) level.

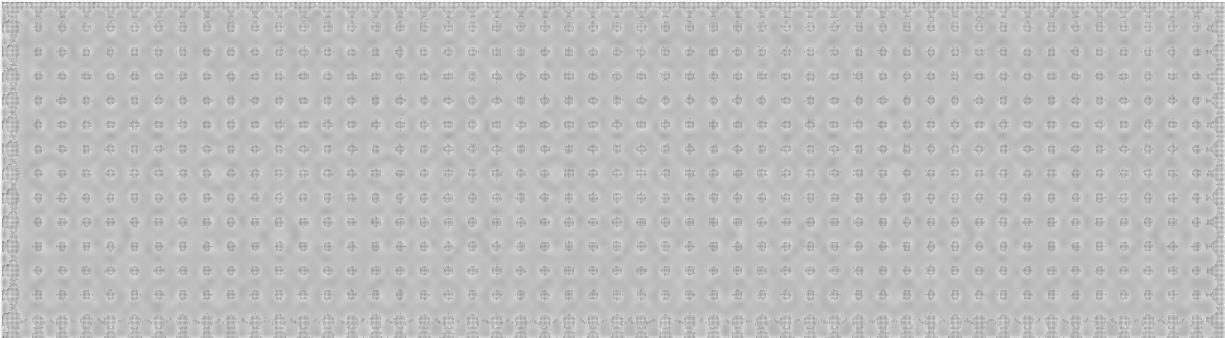
In December, a new Risk Management Framework was approved at the Director General (DG) level that details a new approach to risk management, including new processes, integration with governance, a matrix detailing the level of responsibility, and risk level considerations. Director Generals also approved the Terms of Reference for a NSS Risk Management Board, which is the second major part of the new approach to risk management.

Risks will be reported to ADMC and DMGC on a quarterly basis, unless a risk needs immediate management actions, in which case the risk will be raised at the next monthly ADMC and/or DMGC meeting. The role for DMs will be to review and challenge program and strategy-level risks and risk management on a quarterly basis, and take risk management actions, champion, and coordinate risk management actions on an as-needed basis.



### **Key Messages:**

- I support these initiatives to improve how we respond to and mitigate program risks. This process looks sound and follows the standards for risk management.**



### **4. DPS Project Status Report (Tab 6)**

#### ***Executive Summary***

The Executive Summary includes details on key issues and risks for the combat and non-combat programs of work. Details and key messages are included for projects at Vancouver Shipyards (VSY):

#### **1. Break in Production (Gap)**

This conversation will be a pre-cursor to a more fulsome discussion at a special DMGC meeting currently scheduled for the end of March.

Cumulative delays in engineering preparation for the Offshore Oceanographic Science Vessel (OOSV) have delayed its start of construction.

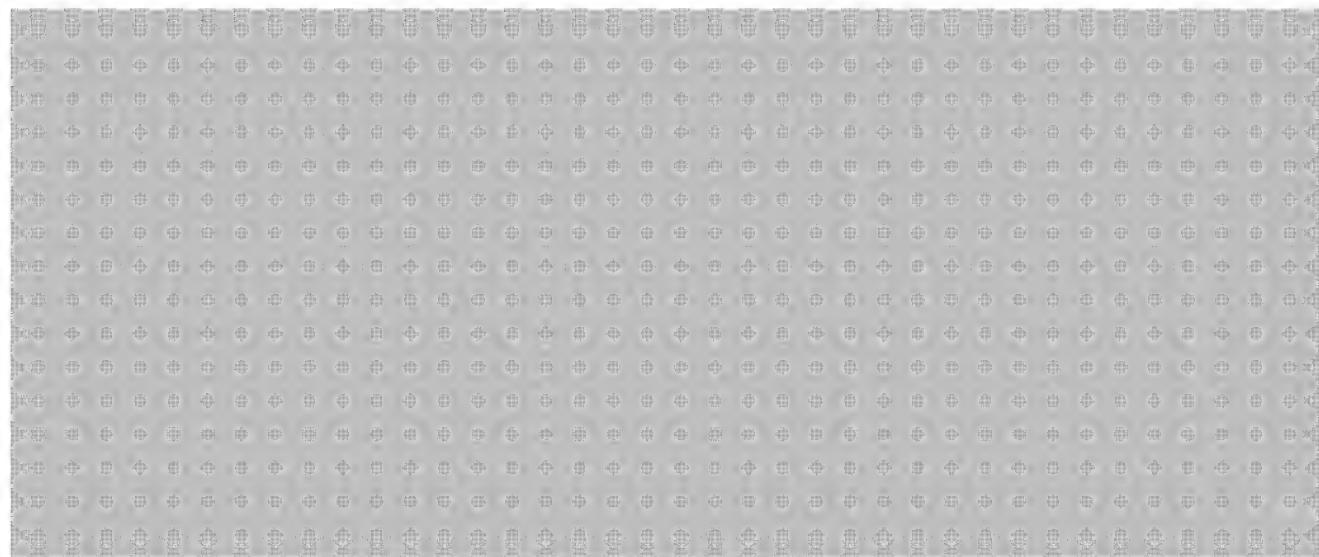
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## **5. Update on Consolidation of Vancouver Shipyards Program Proposal (Tab 7)**

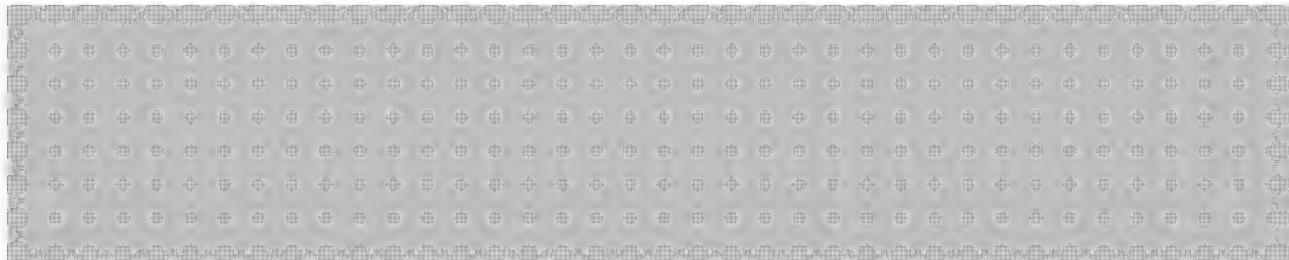
This will be a verbal update from PSPC regarding an item that was raised during the meeting with the shipyards in January 2017. During the shipyard meeting, VSY discussed the need to rationalize the amount of work proposals they are working through with Canada. There is currently over a hundred such proposals and work needs to be done to reduce them to a more manageable number. The verbal update will consist of a progress update and a plan forward.

### **Objective**

- Receive an update on how the consolidation of Vancouver Shipyards program proposal is progressing.

### **Key Messages**

- **Work processes must be attacked and leaned at every opportunity. We are trying to build an efficient shipbuilding relationship with the yard.**



- **To note – the Icebreaker RFI feedback quoted us designed, built and delivered vessels in 2-3 years...**

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**69(1)(g) re: (a)**

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DEPUTY MINISTER GOVERNANCE COMMITTEE

Friday, March 10, 2017

In Camera Session: (Core DM's – PSPC, DND, ISED, DFO/CCG) 8:30 AM – 9:15 AM

Regular Meeting: 9:15 AM – 11:15 AM

Place du Portage, Phase 3, Tower A, 17A1

Michael G. Nurse Boardroom

AGENDA

#	Timing	Agenda item / Supporting documents in <i>italics</i>	Purpose	OPI
1	9:15 - 9:20 (5 min)	Opening Remarks and Approval of Summary of Discussion • <i>Summary of Discussion – February 10, 2017</i>	Decision	Sponsor DM(s): M. Lemay
2	9:20 – 9:30 (10 min)	Master Schedule • <i>Change Register (2-page document)</i> • <i>Master Schedule</i>	Oversight	Sponsor DM(s): M. Lemay Presenter(s): C. McColgan
3	9:30 – 9:45 (15 min)	Future Fighter Capability Project (FFCP) - Supplier Engagement Strategy • <i>Presentation</i>	Decision	Sponsor DM(s): M. Lemay Presenter(s): L. Campbell P. Folkes-Dallaire A. Hamel
4	9:45 – 10:05 (20 min)	Economic Impacts of Industrial and Technological Benefits Policy • <i>Presentation</i>	Endorsement	Sponsor DM(s): J. Knubley Presenter(s): K. Gillis
5	10:05 – 10:20 (15 min)	NSS Risk Management Process • <i>Presentation</i> • <i>Terms of Reference</i> • <i>Framework</i> • <i>Heat Map</i>	Decision	Sponsor DM(s): M. Lemay Presenter(s): L. Campbell
6	10:20 – 10:35 (15 min)	DPS Project Status Report • <i>Executive Summary</i> • <i>Quad Charts</i>	Oversight	Sponsor DM(s): M. Lemay Presenter(s): L. Campbell A. Fillion J. Hutchinson
7	10:35 – 10:45 (10 min)	Update on Consolidation of VSY Program Proposals • <i>Verbal Update</i> s.69(1)(g) re: (a)	Information	Sponsor DM(s): M. Lemay Presenter(s): L. Campbell
8	10:45 – 11:05 (20 min)			Sponsor DM(s): J. Hutchinson Presenter(s): R. Wight
9	11:05 – 11:10 (5 min)	DPS Governance • <i>DMGC Open Action Items</i>	Discussion	Sponsor DM(s): M. Lemay Presenter(s): C. McColgan
10	11:10 – 11:15 (5 min)	Roundtable and Closing Remarks	Discussion	Sponsor DM(s): M. Lemay

Document Control

Recipient #27

Package: 96

Date of Delivery: MAR 08 2017

March 8, 2017

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**Defence Procurement Strategy (DPS)  
Deputy Minister Governance Committee (DMGC)  
Summary of Discussion, Meeting of 10 February 2017**

**Key Points to Note**

- Gap Analysis: Discussed options to address the OFSV-OOSV production gap and agreed to hold a special DMGC s.69(1)(g) re: (a)
- PWC Report: Comments will be provided to ISI on the PWC Report. Interdepartmental communications plan will be developed in advance of its public release.
- Master Schedule: Departments must exercise diligence to assure timelines of items included are realistic and actionable s.69(1)(g) re: (a)

**1. Opening Remarks and Approval of Summary of Discussion**

- After welcoming everyone to the meeting, the Chair asked whether members had any issues with the summaries of discussion from the 13 Dec 2017 and 17 Jan 2017 DMGC meetings.
- DND made reference to the action items from the 17 Jan 2017 meeting with the shipyards reminding members that these should be captured on the agendas for upcoming ADMC and DMGC meetings, particularly those that are pressing. Following this point, the summaries of discussion were approved by the Committee.

**2. OFSV-OOSV Gap Analysis Update**

- The discussion transitioned to the first agenda item, OFSV-OOSV Gap Analysis Update
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-

[REDACTED]

s.69(1)(g) re: (a)

[REDACTED]

s.69(1)(g) re: (a)

### 3. DPS Project Status Report

- DND, CCG and PSPC provided an update on procurements under DMGC oversight.
- [REDACTED]

[REDACTED]

s.69(1)(g) re: (a)

- PSPC indicated that this proposal was already considered and a decision was made among core DMGC members that the project is currently being managed and reported under a separate DM-level governance committee which meets weekly given the urgent need for the capability.

4. Master Schedule

s.69(1)(g) re: (a)

s.69(1)(g) re: (c)

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5. Shipbuilding Costs and Premiums in Canada

s.69(1)(g) re: (c)

- The Chair turned to DND to provide a briefing on Shipbuilding Costs and Premium. This item was first discussed at DMGC and ADMC in November 2016

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***Action Items:***

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- 

**6. Update on OFSV Contract Amendment**

s.69(1)(g) re: (c)

- Members were provided an update on the OFSV contract amendment

**7. DPS Governance**

- The DPS Secretariat referenced the DMGC Open Action Items tracker and indicated to members that the Secretariat staff will be following-up on any outstanding items.

**8. Roundtable and Closing Remarks**

- *Steve Brunton Education Papers*
  - DPS Secretariat invited members to provide any comments on the Shipbuilding Advisor's education papers.

- *NSS Annual Report to Parliament*
  - A brief update was provided on the timelines to update and approve the report in advance of its tabling to Parliament in March.
- The DMGC Chair thanked members for attending the meeting and reminded them that a special DMGC meeting will be scheduled in the near-term to discuss the OFSV-OOSV Gap.

*Action Item:*

- 

s.69(1)(g) re: (a)

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# Future Fighter Capability Project (FFCP)

Deputy Minister Governance Committee (DMGC)

March 10, 2017

# Meeting Objectives

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- To inform DMGC on:
  - Project objectives, framework, and status
  - National procurement approach and key milestones
  - Approach for Interdepartmental Cooperation and Governance Oversight
  - Approach for Economic Benefits
  - Project Risks and Issues
- To obtain DMGC Approval of:
  - Approach for Supplier Engagement (DPS Milestone 1A)



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# Project Objective

Acquire a permanent replacement fighter aircraft fleet and associated in-service support through an open and transparent competition that results in the right capability and economic benefits within an approved budget.

PROTECTED B

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# Project Framework and Governance

PROTECTED B

- June 2016: Government approved the Policy Framework for the fighter jet procurement
- 22 Nov 2016: Government announcement of a plan to launch an open and transparent competition to replace the CF-18 fleet within its mandate
- [REDACTED]
- Industrial and Technological Benefits policy, including Value Proposition, will apply to this procurement
- This project will be governed in accordance with the Defence Procurement Strategy (DPS)

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**21(1)(b), 21(1)(a)**

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# Current Project Status

- Short Term Work Priorities:
  - Refine the Supplier Engagement Approach
    - Process to engage foreign governments & industry
    - Finalizing the Supplier Engagement Plan (SEP)
    - Engaging the services of a Fairness Monitor (FM)
  - Define initial FFCP operational concepts:
    - Update the Statement of Operational Requirements (SOR) to include IRPDA inputs
    - Statement of Operating Intent (SOI)
  - Develop project documentation to support Treasury Board submission for Project approval and Expenditure Authority for Project Definition

# Current Project Status (Cont'd)

- Short Term Work Priorities:
  - Define an initial Fleet Sustainment construct:
    - Sustainment Business Case Analysis (SBCA)
    - Statement of Support Intent (SSI)
  - Refine the Procurement Strategy & Contracting Method
    - Refine approaches for “Hybrid” competitive procurement
    - Assess the merits and methodology for pre-qualification process
  - Economic Benefits – Value Proposition (VP)
    - Develop VP pillars (supplier development, exports, R&D, etc.)

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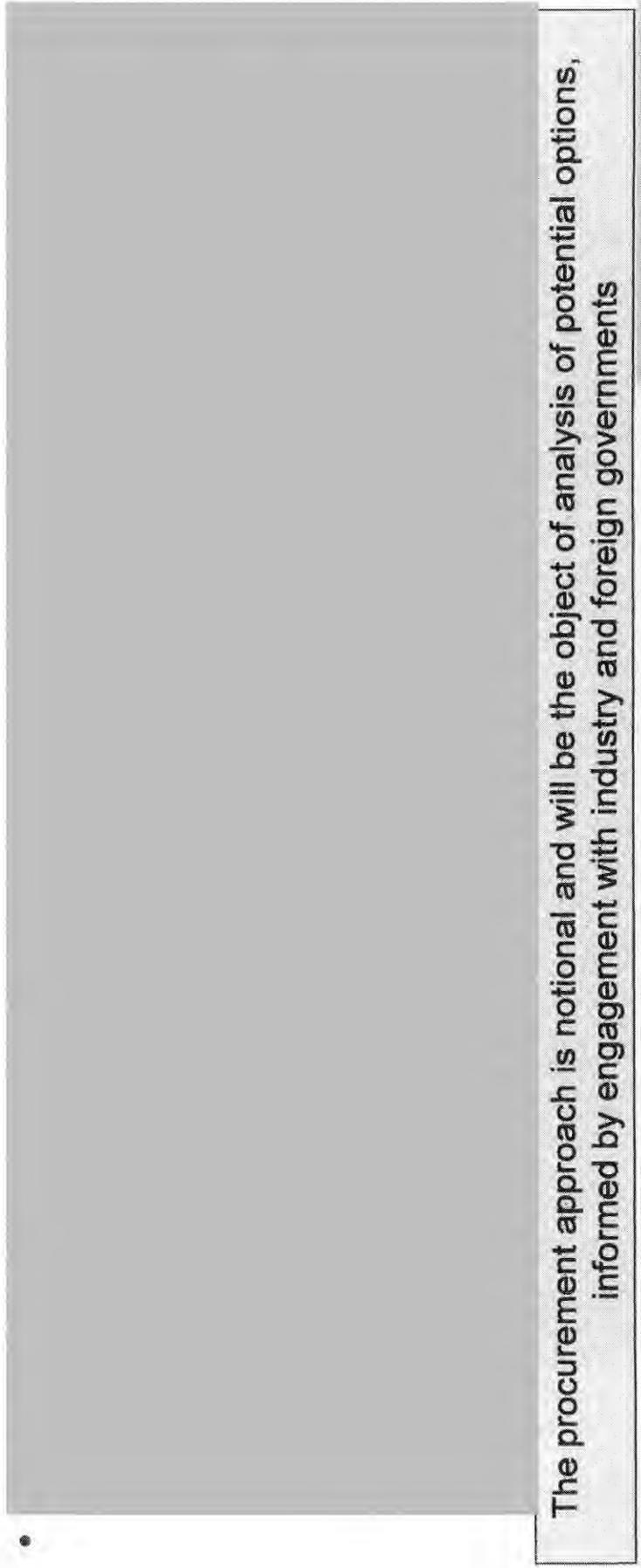
FFCP (PCFAC)

Canada

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# Notional Procurement Approach

- Objective: Enable both industry and foreign governments to act as s.21(1)(a) suppliers in order to maximize the potential number of contenders s.21(1)(b)
- Constraint: Fighter aircraft are available through different procurement methods (direct commercial sales and/or government-to-government agreements).
- 



The procurement approach is notional and will be the object of analysis of potential options, informed by engagement with industry and foreign governments

8

# National Key Project Milestones

PROTECTED B

Activity	ADMC	DMGC	Target Completion
DPS Governance Approval: Supplier engagement approach and interdepartmental cooperation and governance oversight	17 Feb 17	10 Mar 17	Mar 2017
DPS Governance Approval: SBCA Questionnaire	17 Mar 17	13 Apr 17	Apr 2017
Policy Doc approval (competition and fleet size)	-	-	May 2017
Initial Supplier Engagement and supplier day	-	-	Summer 2017
Project and Expenditure Authority (Definition) Approval	TBD	TBD	Fall 2017
DPS Governance Approval: Initial Procurement & Sustainment Strategy	28 Nov 17	12 Dec 17	Winter 2017/18
DPS Governance Approval: Final Procurement & Sustainment Strategy	TBD	TBD	2019
First Aircraft delivery	-	-	2025

s.21(1)(a)  
s.21(1)(b)



# Interdepartmental Cooperation and Governance

- Consistent with the objectives of the Defence Procurement Strategy (DPS), FFCP will follow the DPS governance structure established to enable effective whole-of-government decision-making
- The project will be managed day-to-day by an Interdepartmental Project Team (IPT), with regular oversight by a DGGC, ADMC and DMGC, and key decisions/strategic issues brought to those committees as needed

# Approach for Supplier Engagement

- FFCP will engage both foreign governments and industry, as potential suppliers of goods and services related to Canada's new fighter capability. To that end, an integrated approach to Supplier Engagement will be taken.
- **Canada will:**
  - Seek inputs from foreign government agencies, original equipment manufacturers, and Canadian industry to ensure an efficient, open, and transparent competition process.
  - Collect further information on purchase and contracting methods, which will help inform and finalize the bid solicitation process.
  - Refine concepts: share with potential suppliers initial concepts for the operation and support of a future fighter capability, and seek supplier inputs.
  - Seek input from aircraft suppliers and Canadian industry on the development of the Value Proposition.
  - Provide an opportunity to bidders to provide feedback on draft bid solicitation documents to maximize competition and chances of a successful procurement.

# Supplier Engagement Activities (National)

Activity	Period	Target audience	Objectives
Industry Associations Engagement (AIAC, CADSI)	May 2017	Canadian Industry Associations	Determine appropriate Canadian Industry engagement process & methods
Preliminary Supplier Engagement	Jun 2017	Industry & Foreign Governments	Determine appropriate engagement process & methods
Launch Supplier Engagement	Summer 2017	Industry & Foreign Governments	Formal launch of supplier engagement; explain key objectives, policies and oversight mechanisms; explain next steps
Supplier Day	Summer/ Fall 2017	Industry & Foreign Governments	Present potential suppliers with important information for their effective participation in an open and transparent competition
Targeted engagements as required (workshops meetings, information exchanges)	Post Sep 2017	Industry & Foreign Governments	Ongoing engagements to define and refine requirements, concepts and evaluation approach

Site Visits	2018	Industry & Foreign Governments	Familiarize potential suppliers with CAF current facilities in support of Bid submissions
Release of Draft Request for Supplier Qualification (RFSQ)	2018/2019	Industry & Foreign Governments	Structured Engagement to clarify RFSQ submission requirements, as required

# Approach for Economic Benefits

- This procurement is a once in a generation opportunity to leverage industrial benefits for Canada's strong aerospace industry through the ITB Policy.
- The Value Proposition will leverage Canada's aerospace capabilities to
  - maximize opportunities for companies to participate in the procurement, including the long-term in-service support
  - Global supply chain opportunities on commercial and military aerospace platforms
  - Support innovation through investments in research and development
  - Scale up suppliers, notably small and medium enterprises.
- Determination of an appropriate procurement strategy will be informed by economic benefit considerations
  - Canada will seek feedback on various procurement strategy scenarios as part of the engagement process
- Next Steps:
  - Winter/Spring 2017: Continued analysis of Canadian capabilities and potential economic benefit opportunities
  - Fall 2017: Supplier engagement to validate analysis of capabilities and inform the approach for leveraging economic benefits

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**21(1)(b), 21(1)(a)**

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# Decision Requested

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- Obtain DMGC Approval of:
  - Approach for Supplier Engagement (DPS Milestone 1A)

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**69(1)(g) re: (e)**

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# NSS Risk Management Strategy

## Status Update for DMGCC & Request for Endorsement

March 10, 2017

Canada

# Contents

- Objectives (pg. 3)
- Background (pg. 4)
- Accomplishments (pg. 5)
- Risk Management Board (pg. 6)
- Request for Endorsement (pg. 7)
- Next Steps (pg. 8)



## Objectives

- Today, NSS Program Management Office (PgMO) is seeking two things:
  - 1) To inform DMGC of the NSS PgMO's progress to-date in rebuilding the NSS risk management processes; and
  - 2) To obtain DMGC endorsement of the new approach to risk management.

## Background

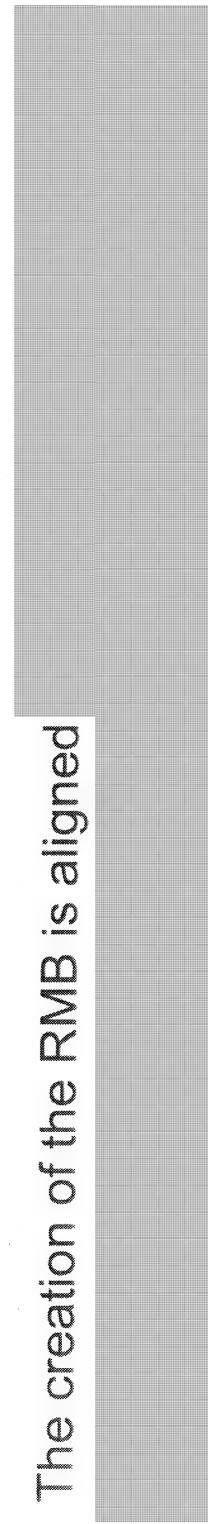
- In Fall 2016, the NSS PgMO began conducting a rebuild of the risk management processes that were developed in 2014.
- This exercise is driven by senior management interest and concern that there needs to be a more vigorous consideration of risk at the Program and Strategy level.
- [Redacted]
- [Redacted]
- As of Fall 2016, risk management across the NSS was incomplete due to lack of an integrated approach to risk management and absence of a formal mechanism to elevate and report on risks to senior leadership.

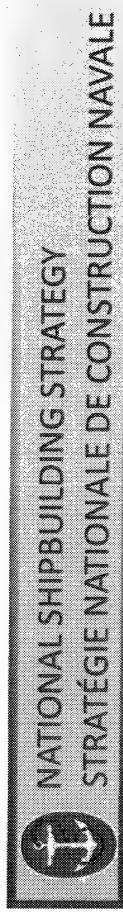
# Accomplishments

- A Risk Management Board (RMB) at the DG level was established in October 2016, Terms of Reference approved in December 2016, and Risk Management Framework approved in December 2016. The ADMC approved the new approach to risk management on January 30, 2017.
- A new risk register has been developed with ~20 strategy and program level risks, 8 of which have had risk owners identified and mitigation plans developed and approved by the Directors General Governance Committee (DGGC).
- *So far, top strategy level risks include* fragmented approvals processes and HR capacity.
- *Top program level risks include* production gaps and backstop liability payments.

## Risk Management Board

- In December 2016, the DGGC also approved the Terms of Reference for a NSS Risk Management Board (RMB) – this is the second major part of the new approach to risk management.
- The members of the DGGC will also be the members of the RMB, and the RMB will meet monthly to:
  - Identify, assess, and review risks at the program and strategy levels;
  - Identify and take mitigation actions; and
  - Recommend risks to be raised to the ADM and DM level for mitigation (a simple test for escalation will be used – can the risk management actions be completed at the current level of seniority? If not, the risk should be raised).
- The creation of the RMB is aligned



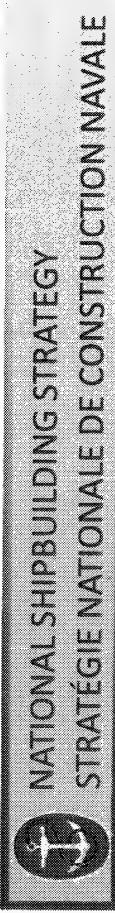


## Endorsement from DMGC

- DMGC to endorse:
  - the new NSS approach to risk management, including a Risk Management Framework and a Risk Management Board, that together address prior risk management deficiencies.
  - DMGC to review program and strategy-level risks on a quarterly basis (or as required), and take risk management actions, champion, and coordinate risk management actions, all on an as-needed basis.

## Next Steps

- Upon receiving approval from DMGC, the NSS PgMO will complete its risk management rebuild and will begin the new risk elevation and reporting cycles.
- By May:
  - Regular risk updates will be provided and top risks identified and presented to DMGC in the first quarterly report (unless a risk needs immediate management actions, then the risk will be raised at the next monthly DMGC meeting).
  - The formal risk reporting cycle will commence, but risk management is an evolving effort.



# NSS Risk Management Strategy

## Status Update for DMGC & Request for Endorsement

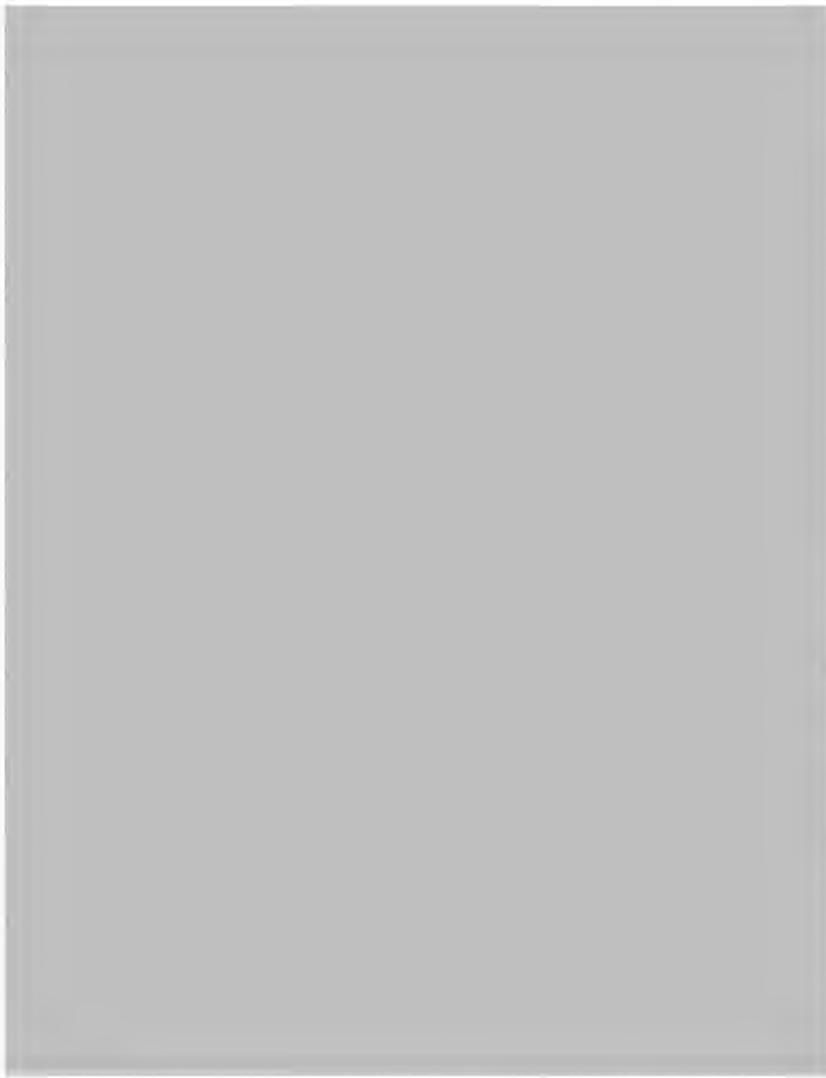
### Appendix: Risk Sample

March 10, 2017

Canada

## NSS Strategy & Program Risk Heat Maps

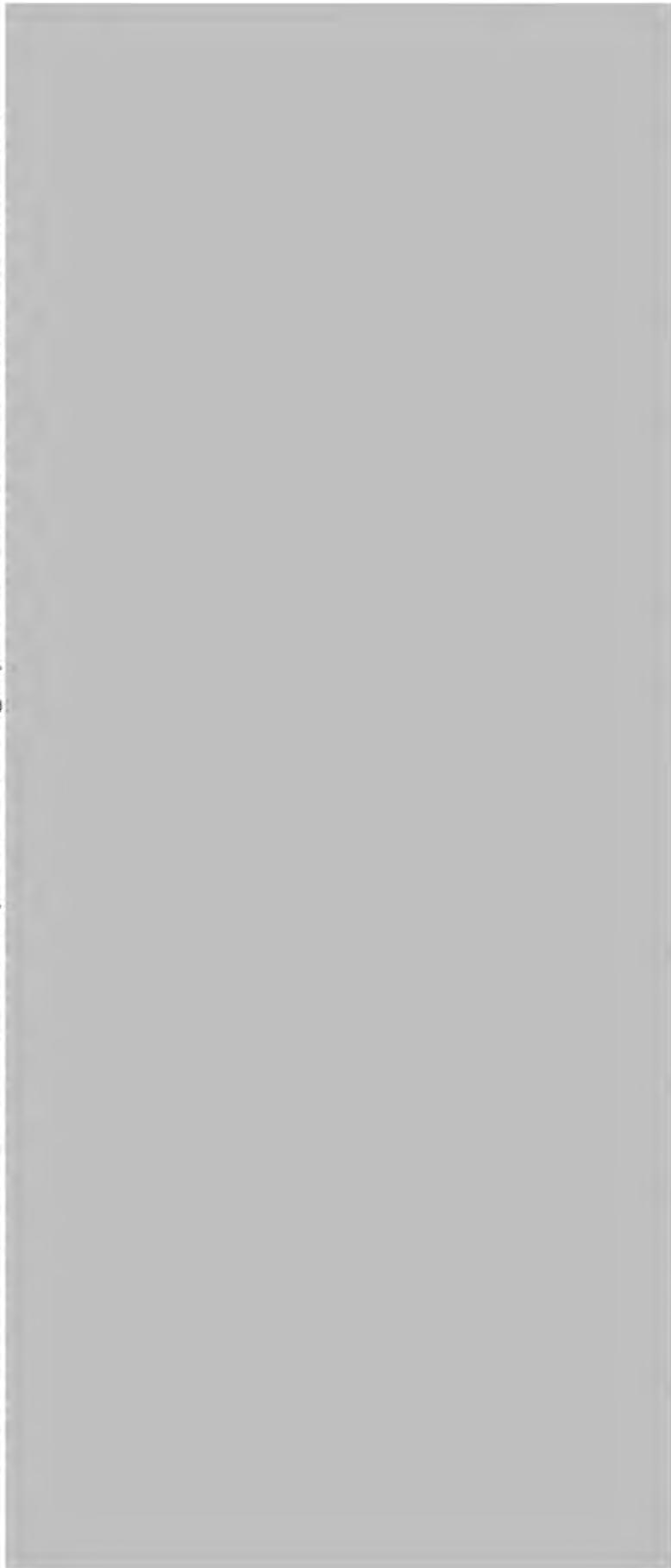
- So far, while 8 risks of the ~20 identified have been formally approved by the DG level Risk Management Board, 16 risks of the ~20 identified have been assessed and scored by the NSS Program Management Office – the distribution in scoring of these 16 risks is presented in the below heat maps.
- For illustrative purposes, the profile of the top scoring program level risk after mitigation is contained in this document as a risk sample: OF\$V-OOSV Production Gap.
- The production gap risk's location in the heat maps is circled.





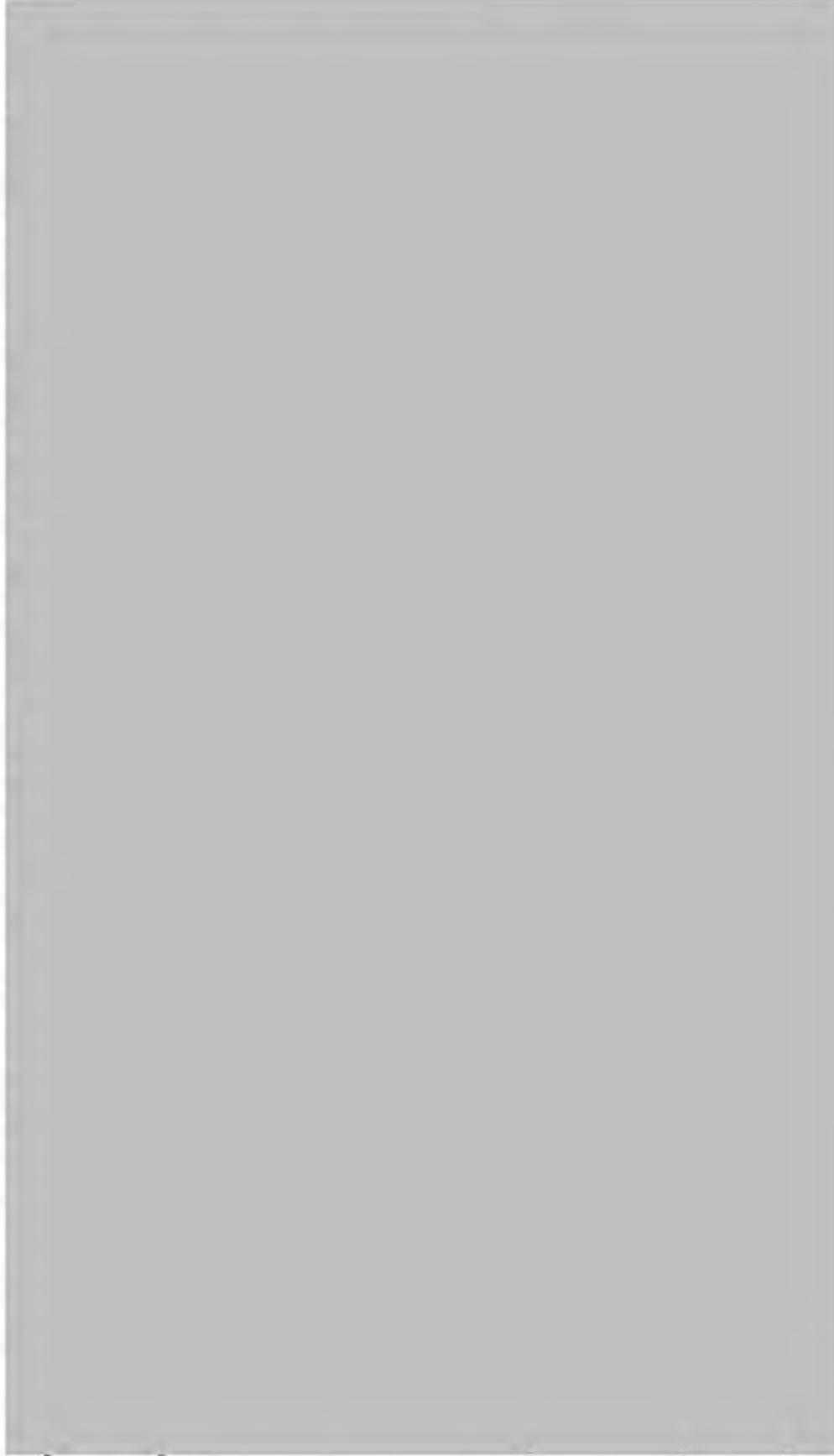
## Risk Sample: **Ofsv-Oosv Production Gap**

- One of the top Program-level risks is: Ofsv-Oosv Production Gap.
- **Statement:** there is a risk that a production gap between Ofsv and Oosv will





## Risk Sample Continued: OFSV-OOOSV Production Gap





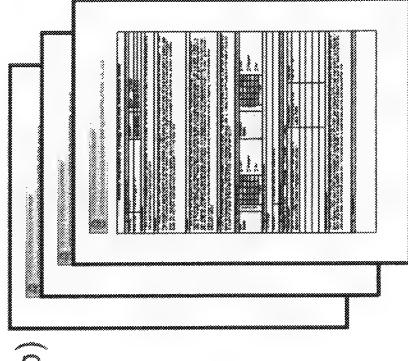
# Risk Scoring & Risk Tools

- **Risk Scoring:**

- *Risk probability* refers to the likelihood that a risk will occur before the end of the Strategy or Program (i.e. 5/5 = High probability, 80%< the risk will occur vs. 1/5 = Low probability, 20%> the risk will occur ).
- *Risk impact* refers to the severity of the risk in terms of the relevant Strategy or Program's goals and objectives (i.e. 5/5 = High impact, stopping the achievement of functional goals and objectives vs. 1/5 = Low impact, negligible effects).
- *Risk proximity* refers to how soon the risk is expected to occur (i.e. 3/3 = Near proximity, the risk is expected to occur in the next 6 months vs. 1/3 = Far proximity, the risk is expected to occur at least 2 years away from the current date).

- **Risk Tools:**

- In addition to risk heat maps, other tools have been or are being developed, such as a) a risk register and b) risk information sheets.



The diagram illustrates two risk management tools. On the left, labeled 'a)', is a 'Risk Register' table. It has columns for 'Type', 'Severity', 'Impact', 'Current', and 'Trend'. The 'Type' column includes categories like 'Programmatic', 'Financial', 'Operational', and 'Strategic'. The 'Severity' column has a scale from 1 to 5. The 'Impact' column has a scale from 1 to 5. The 'Current' and 'Trend' columns contain detailed risk descriptions. On the right, labeled 'b)', is a 'Risk Information Sheet' table. It has columns for 'Risk ID', 'Risk Description', 'Severity', 'Impact', 'Probability', 'Mitigation', and 'Owner'. The 'Risk ID' column has a sequence of risk identifiers. The 'Risk Description' column contains detailed risk descriptions. The 'Severity' and 'Impact' columns have scales from 1 to 5. The 'Probability' column has a scale from 1 to 5. The 'Mitigation' column lists actions taken. The 'Owner' column lists the responsible parties.

Type	Severity	Impact	Current	Trend
Programmatic	1	1	High risk of significant impact to the programmatic objectives of the program. The risk is likely to occur in the next 6 months and has a high impact on the program's success.	High
Financial	2	2	Medium risk of significant impact to the financial health of the program. The risk is likely to occur in the next 6 months and has a medium impact on the program's success.	Medium
Operational	3	3	Low risk of significant impact to the operational efficiency of the program. The risk is likely to occur in the next 6 months and has a low impact on the program's success.	Low
Strategic	4	4	Very low risk of significant impact to the strategic direction of the program. The risk is likely to occur in the next 2 years and has a very low impact on the program's success.	Very Low

Risk ID	Risk Description	Severity	Impact	Probability	Mitigation	Owner
RISK-001	High risk of significant impact to the programmatic objectives of the program. The risk is likely to occur in the next 6 months and has a high impact on the program's success.	5	5	5	High risk of significant impact to the programmatic objectives of the program. The risk is likely to occur in the next 6 months and has a high impact on the program's success.	Program Manager
RISK-002	Medium risk of significant impact to the financial health of the program. The risk is likely to occur in the next 6 months and has a medium impact on the program's success.	4	4	4	Medium risk of significant impact to the financial health of the program. The risk is likely to occur in the next 6 months and has a medium impact on the program's success.	Finance Director
RISK-003	Low risk of significant impact to the operational efficiency of the program. The risk is likely to occur in the next 6 months and has a low impact on the program's success.	3	3	3	Low risk of significant impact to the operational efficiency of the program. The risk is likely to occur in the next 6 months and has a low impact on the program's success.	Operations Manager
RISK-004	Very low risk of significant impact to the strategic direction of the program. The risk is likely to occur in the next 2 years and has a very low impact on the program's success.	2	2	2	Very low risk of significant impact to the strategic direction of the program. The risk is likely to occur in the next 2 years and has a very low impact on the program's success.	Strategic Advisor



NATIONAL SHIPBUILDING STRATEGY  
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NSS RISK MANAGEMENT FRAMEWORK

Version 1.0

29 Dec. 2016

*National Shipbuilding Strategy*

*Acquisitions Branch*

*Public Services & Procurement Canada*





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NATIONAL SHIPBUILDING STRATEGY  
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## REVISION HISTORY

Version	Date	Change Request(s)	Description	Modified By
0.1	17 November 2016		Initial draft completed based on the NSPS Risk Assessment Framework	Keeton Wilcock
0.2	5 December 2016	Doug Taggart, Yuliya Yarotska	“Portfolio” to “strategy,” “risk assessment” to “risk management,” other edits for clarity	Keeton Wilcock
3.0	29 December 2016	Scott Leslie	Removal of “procedures” from “Terms of Reference and Procedures,” clarification of terms, RACI simplification	Keeton Wilcock
4.0	29 December 2016	Doug Taggart	“PSPC Risk Integrated Management Framework” to “PWGSC Policy on Integrated Risk Management”	Keeton Wilcock
1.0	29 December 2016	DGGC	Update to version 1.0 as DGGC accepted RMF on Dec. 22, 2016	Keeton Wilcock



# 1 NSS RISK MANAGEMENT FRAMEWORK

## 1.1 Objectives

### 1.1.1 Objective

The objective of the Risk Management Framework (RMF) is to provide a systematic approach to manage the risks and opportunities on the capital acquisition of large ships under the NSS. These risks<sup>1</sup> and opportunities may be manifested, from time to time, leading to an impact of potentially positive and negative outcomes for the NSS initiative in terms of schedule, budget, and requirements. While the Framework may consider in-service support issues on the fringe, it is centered on the capital acquisition of large federal ships under the NSS.

### 1.1.2 Purpose

The purpose of this RMF is to provide the NSS Program Management Office (PgMO), PSPC, a framework to execute an integrated<sup>2</sup> Program and Strategy-level risk management regime (including identifying, assessing, monitoring, and communicating) on an on-going basis.

Note that in order to execute this framework, the NSS PgMO will need to consider the key outputs of risk assessment and risk management efforts conducted by individual Project Management Offices (PMOs) at the Project-level in developing its Program and Strategy-level Risk Register.

By executing the Framework and by managing relevant Program and Strategy risks, it is expected that the successful implementation of the NSS and its main will be assisted, where the main objectives of the NSS are:

- Timely delivery of affordable ships to the Royal Canadian Navy and Canadian Coast Guard;
- Development of a sustainable Canadian Marine Sector; and
- Delivery of economic benefits for Canada.

### 1.1.3 Outcomes

The key outcomes of the implementation of the RMF are envisioned as avoidance of identified risks where possible and reduction of estimated likelihood and impact of risks where possible, as well as exploitation of identified opportunities where possible. These outcomes will only be visible over time, but the tangibility of these outcomes will be aided by tracking trends in risks on a monthly, quarterly, and yearly basis. Implementing the RMF will also contribute to a risk-informed approach toward managing the NSS.

<sup>1</sup> Risk: “the effect of uncertainty on objectives” (general) and “the expression of the likelihood and impact of an event with the potential to affect the achievement of an organization’s objectives” (technical) – *TBS Guide to Integrated Risk Management*

<sup>2</sup> Integrated in the continuous, proactive, and systematic sense, and in terms of collaborating horizontally with all relevant stakeholders, including those from the Department of National Defence, the Canadian Coast Guard, and Innovation, Science and Economic Development Canada.



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### 1.1.4 Outputs

The key outputs, or products, of the implementation of the RMF are envisioned as a well-maintained Risk Register and a one page Dashboard, delivered on a quarterly basis, or more often as requested, to the ADMC, DMGC, and other NSS governance bodies as required. NSS PgMO will also produce a quarterly Risk Report. This report will contain statistics from the Risk Register on time frame, trends, risk scores, risk mitigation strategies, Program vs. Strategy-level categorization, etc. The Risk Management Board Chair (see "National Shipbuilding Strategy Risk Management Board Terms of Reference") will specify additional contents of this report from time to time as required to address the circumstance and support the on-going presentation the NSS Governance.

These outputs will support the Project and procurement risks that will form the narrative in planning, reporting, and approval documents, such as procurement plans, Business Planning Briefs, Ministerial Memoranda and Treasury Board Submissions. The Program risk register can also be used for the annual Integrated Business Planning cycle for the Acquisitions Program.

### 1.1.5 Principles

The principles promoted by the NSS PgMO in establishing the Framework are:

- Risk management as an ongoing process from the perspective of being proactive and continued monitoring, although formal assessments and tracking will be a monthly;
- The risk management process and supporting tools will accommodate existing business processes, where possible;
- Management outputs are to ensure that NSS Program and Strategy risks are reflected;
- Risk information is to be shared proactively, vertically and horizontally across NSS departmental boundaries;
- Risk Registers to be multi-functional and of standard content to facilitate supporting various approvals, audits and knowledge transfers;
- Risk Registers to reflect and align with Project-level risk assessments and management practices from the PMOs and their impact on the NSS at the Program and Strategy-level, but will not duplicate or add unnecessary administration; and
- The reporting at regular frequencies with an appropriate level of information to the NSS governance.

The NSS PgMO is committed to continuous efforts to refine and mature the RMF. The RMF is an iterative document to help provide an overall approach and consistency in communications.

### 1.1.6 Roles and Responsibilities

See Annex 2.1 for a Responsibility Assignment Matrix.



## 1.2 Definitions

Treasury Board Secretariat (TBS) provides Tools and Guides for Risk Management to help strengthen the Canadian federal public sector's integrated risk management practices. This RMF is designed to be consistent with the TBS's guidelines and is based on *Treasury Board Secretariat's Guide to Integrated Risk Management and Framework for the Management of Risk*. The Framework utilizes terminologies, definitions, and risk statements that are aligned with the TBS Guideline. The intent of the RMF is to align with the PWGSC Policy on *Integrated Risk Management* and other key departmental (e.g. DND, DFO) policies and guidelines pertaining to risk management.

The intention of this risk management practice is to present analysis results in a manner consistent with other capital acquisition projects in the Federal Government and to facilitate communication among stakeholders, thereby ensuring a common and clear understanding.

NSS PgMO acknowledges that Project-level risk management strategies are developed based on Projects' unique contexts and may change or extend the scope of the assessments and strategies, requiring broadened range of definitions and terminologies. The Framework does not limit sources or references of terminologies or statements to the TBS Guideline while keeping an alignment with these terms for the purpose of assessment and reporting at the Program and Strategy-level.

Definitions, which are consistent with the documents listed above and which are used here, include:

- **Risk:** refers to the effect of uncertainty on objectives. It is the expression of the likelihood and impact of an event with the potential to affect the achievement of an organization's objectives;
- **Risk management:** is a systemic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on and communicating risk;
- **Integrated risk management:** Risk management cannot be practiced effectively in silos. As a result, *integrated* risk management promotes a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective in a cohesive and consistent manner
- **Risk informed approach:** A risk-informed approach to management builds risk management into existing governance and organizational structures, including business planning, decision-making and operational processes. It also ensures that the workplace has the capacity and tools to be innovative while protecting the public interest and maintaining public trust.
- **Avoid:** eliminating uncertainty by removing the cause of the risk, for example changes to the project plan, assumptions, the sequence of construction strategy, etc. Some changes can be made that will not negatively impact or avoid the project to achieve its goals.
- **Mitigate:** adjusting risk exposure by reducing the probability of the impact and uncertainty to an acceptable level due to the fact that some risks cannot be avoided. Risks are mitigated by planning and implementing staged risk reduction action plans like work-around plans or re-planning to minimize its probability and/or impact. Fall back plans with a decision point, action and costs are also included. Examples: include threats that will affect the critical path of the project, cause fair level of reputational damage, injury with lost time, etc.



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- **Transfer:** allocating ownership. Generally (but not always), risks with low probability of occurrence, but with a high cost impact should be transferred to a third party by purchasing an insurance, outsourcing or establishing partnerships. However, sometimes the risk is partially transferred and additional actions may be required to address any potential residual impact that it is still considered critical if not covered in other risks. For example: risk of potential fire or major environment incident. The organisation could transfer the risk by purchasing the insurance but in some cases the insurance does not cover business discontinuity. Either, other insurance should be purchased or additional actions should be developed. Note that some risks could also be transferred to contractors or subcontractors by establishing milestones and penalties if milestones are not achieved. probability and/or impact. Fall back plans with a decision point, action and costs are also included. Examples: include threats that will affect the critical path of the project, cause fair level of reputational damage, injury with lost time, etc.
- **Accept:** including the risk in the baseline with no planned mitigation or contingency action. The cost to mitigate the risk could be greater than the benefit of the mitigation could bring to the project which means that it is not worth to implement the action plan and the best strategy is to accept the risk and consider it in the project baseline. However, it is highly recommended to properly monitor and control the risk to identify potential changes in the risk impact that could lead to changes in the risk strategy, the impact could increase and the mitigation cost could be low which would justify the implementation of the response plan.



## 1.3 Program and Strategy-Level Risk Management Framework

### 1.3.1 Program and Strategy Risk Management Process

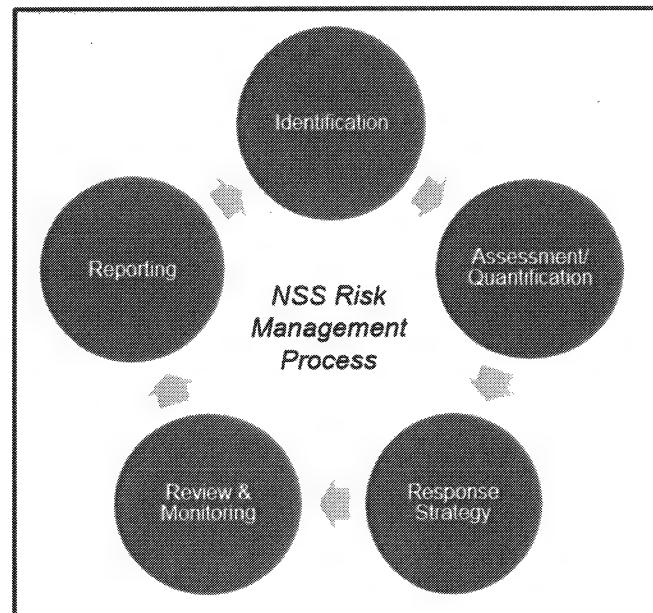
The objective of the Program and Strategy Risk Management Process is to identify, analyze and evaluate the NSS risks at the Program and Strategy-level, to propose treatment options and mitigation strategies based on risk analysis, and to communicate and review the status of the Risk Items.

The risk management process described below is generally consistent with the *TBS Guide to Integrated Risk Management*, the *PSPC Integrated Risk Management Policy*, and the *Acquisition Program Risk Management Policy*. Note that the risk management process is a continuous one, as the below diagram illustrates.

#### a) Risk Identification

The objective of this step is to identify key risks, as well as internal and external factors that may potentially affect the NSS and to clearly understand the implications of the identified risks and trigger points to the NSS as a whole. Diverse information on identified risks is to be input into the risk assessment discussion. The resources for the discussion include but are not limited to:

- Project risks elevated from Project risk review through the escalation process;
- Project contexts provided by the PMOs;
- Feedback collected through other sources, such as the Project one-pagers, NSS governance committees, and lessons learned from knowledge and experiences of subject matter experts; and
- Data collected through third party reports (e.g. SPAR, FMI, etc.)



Risks are defined with a detailed description in a form of risk statement (if \_\_\_\_\_ occurs, then the consequences could result in \_\_\_\_\_ OR if \_\_\_\_\_ occurs due to \_\_\_\_\_, then the consequences could result in \_\_\_\_\_<sup>3</sup>) and analyzed as to the nature, source, and type of impact.

Typical tools for risk identification exercises include:

- Brainstorming (e.g., through a Risk Workshop);
- Audit/inspection/interview;
- Case studies;
- Scenario analysis;
- Decision trees;
- Flow charts/diagrams/tables;
- Strengths-Weaknesses-Opportunities-Threats analysis; and

<sup>3</sup> *TBS Guide to Risk Statements*



- Hazard Identification Risk Assessments.

This step also includes categorization of each risk with a set of pre-determined categories – the TBS *Guide to Risk Taxonomies* deals with this part of risk management. Typical categorization criteria for procurement projects are:

- Strategic versus Operational;
- Project versus Program versus Strategy level;
- Procurement phase: planning, procurement, negotiation, contract management; and
- Types of risks<sup>4</sup>: business processes, capital infrastructure, communications, conflict of interest, financial management, governance and strategic direction, human resources management, information management, information technology, knowledge management, legal, organizational transformation and change management, policy development and implementation, privacy/information stewardship, program design and delivery (incl. approval, design, build, deliver), project management, political, reputational, resource management, stakeholders and partnerships, and values and ethics.

*b) Risk Assessment/Quantification*

Risk quantification is the step of estimating, at the very least, the probability of a risk event occurring and the consequence if it were to occur.

Probability is the chance that the risk event will be actually realized. Estimated probability can be justified with statistical data or simulation outputs from a software or program. However, in practice, the estimate largely relies on precedents, experiences and opinions of professionals (risk workshop panels).

Consequence measures the severity of effect when the risk event is realized (often in terms of financial, schedule, credibility, and objectives impact). NSS PgMO should consider the risk tolerance levels or/and risk cultures of various stakeholders to determine the consequence criteria, for example an “Impact” score ranging from 1 to 5 and Risk Matrix – but it is important to note that this criteria should be applied across risks in consistent manner.

The product of probability and consequence is the Rating of Risk or Risk Score – a “Raw Risk Score.” After considering risk response strategies, risks should be re-assessed for “Residual Risk Scores.”

*c) Risk Response Strategy*

Risk Response Strategy is a proposed action to prevent a risk from occurrence or minimize its negative impact to the Project/Program/Strategy in case the risk is realized. The first step in this exercise is to evaluate:

- Whether the risk is avoidable;
- Whether there is any need to act upon the risk;
- Whether and how the impact or probability of risk occurrence can be reduced with a set of actions;
- The appropriate party (e.g., NSS PgMO, PMOs or anyone else) that can better manage the risk and to whom the risk can be transferred; and
- Whether the risk has a potential for positive consequence (e.g., opportunity).

<sup>4</sup> TBS *Guide to Risk Taxonomies*



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Examples of consideration to be taken into account for establishing risk response strategies also include:

- Whether the risk is significant enough to take the action (in terms of probability, consequence or risk score);
- The current NSS policies, principles, corporate plan or budget that allow any action to be taken; and
- If there is any net benefit of taking action against the cost associated with the action.

Depending on these considerations, funds may be allocated to a risk mitigation plan in expectation that there will be a net benefit of investing in risk mitigation (i.e. the investment is smaller than the amount that the risk is reduced by). In practice, the Risk Management Board discussion will add significant value in establishing risk mitigation strategies. Further, it is important to elevate the risk mitigation strategies to NSS governance as applicable (i.e. up to ADMC) and to monitor the mitigation strategies.

### *d) Risk Review and Monitoring*

This step involves the regular review of risk information to ensure that the impact of changing circumstances on risks is considered. It also involves the review of risk responses to ensure that they are effectively implemented and achieve their planned results.

On a monthly basis, NSS PgMO will support the Risk Management Board in reviewing and monitoring risks in general, and reviewing and monitoring, more specifically:

- Whether the right people are involved in the monitoring of risks;
- How evolving circumstances change the nature and level of risks;
- What progress has been made on implementing risk responses;
- How effective risk responses are in terms of moving risks toward tolerable levels;
- Whether the communication of risk information is of proper quality and quantity; and
- How well risk indicators are integrated with other performance measures and accurately reflect the status of risk items.

### *e) Risk Reporting*

Risk reporting refers to the communication and reporting of risk information to the appropriate levels of the organizations at the right times to support decision-making.

At the Project-level, NSS PgMO will analyze as many of the applicable risk registers as possible and will also attend Project-level risk meetings from time to time. The risk information from these registers and meetings will often form causes or triggers or subsidiary risks to risks identified at the Program and Strategy-level.

At the Program and Strategy-level, NSS PgMO will maintain an up-to-date Risk Register and Dashboard for ADMC, DMGC, and other NSS governance bodies as required. NSS PgMO will also produce a quarterly Risk Report. This report will contain statistics from the Risk Register on time frame, trends, risk scores, risk mitigation strategies, Program vs. Strategy-level categorization, etc. The Risk Management Board Chair (see "National Shipbuilding Strategy Risk Management Board Terms of Reference") will specify additional contents of this report from time to time as required to address the circumstance and support the on-going presentation the NSS Governance.



Information will be communicated back down to the Risk Management Board from ADMC, DMGC, PMC, and EGC through Records of Proceedings and direct taskings.

### 1.3.2 *Project Risk Integration*

#### a) *Program and Strategy-level Risk Register*

As a part of an integrated information exchange structure, a Program and Strategy-level Risk Register will be established by the NSS PgMO. Individual PMOs will be provided with access to and share their risk assessment information (e.g., specific Project risk registers and periodic risk reports) with the NSS and other PMOs. The format of the Program and Strategy-level Risk Register will be developed as part of the implementation of the RMF. An information sharing protocol will be developed to which all PMOs and the NSS will have access. The intention is to facilitate the risk information exchange between the NSS and PMOs, and minimize the PMOs effort in the administration.

##### Administration of the Program Risk Registry

- NSS PgMO is responsible for initiating and maintaining the Program and Strategy-level Risk Register.
- NSS PgMO shares information from the Program and Strategy-level Risk Register with the PMOs using protocols and practices established with the PMOs.
- PMOs lead on maintaining the Project Risk Registers.
- PMOs, through existing risk management practices and roles, share information from the Project Risk Registers with the NSS PgMO using protocols and practices referred to above.

Risk would be assigned in the Risk Register and four action options will be used for responding to risk: transfer, mitigate, accept, and avoid.

Recognizing that the timing of the risk management cycle may not be aligned among the PMOs, the NSS PgMO, as the administrator, is to reach out to individual PMOs or groups of PMOs for scheduled updates.

#### b) *Project Risk Notification and Review Process*

With the support and information exchange through the Program and Strategy-level Risk Register, the NSS PgMO will be able to consolidate and review Project-level risk information and elevate the selected Project risks for further analysis to add to the Program-level risk assessment. The first step is to confirm the NSS PgMO's understanding of project risks with the PMOs and position that risk information for senior management review. The proposed process is as follows:

##### Project Risk Notification and Review Process

NSS PgMO, through consultation with the PMOs and the NSS governance, establishes notification and review criteria to identify/select Project risks for evaluation at the Program and Strategy-level based on the following triggers:

- Changes in scheduling elements, namely: publicly announced dates, cardinal dates, Project milestones greater than three months;
- Changes in the Project budget or scope, or events requiring access to a Project's contingency; and



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- Impact on the NSS Program objectives.

Upon being notified by the PMO on changes to risk, the NSS PgMO reviews the information to gain an understanding of the nature of the change. Through consultation with the PMO, the NSS PgMO confirms its understandings of the risks with the PMO and seeks clarification when necessary.

The NSS PgMO updates the Program and Strategy-level Risk Register, if applicable, and prepares briefings as required to NSS governance.

In its role of managing the Project risk notification and review process, the NSS PgMO will seek to add value through its feedback to project-level risk assessments.

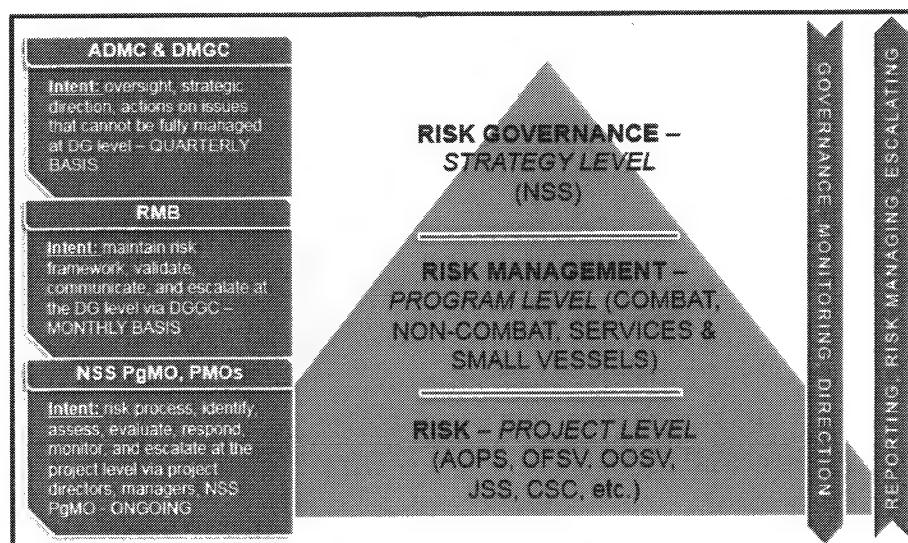
### c) Risk Information Consistency

The NSS Program and Strategy-level Risk Register will accommodate information formats provided by PMOs. In general, to maintain consistency, the following elements will be recorded:

- Risk item information including name and description in the form of a risk statement, and risk owner;
- Implication of risk item including cause, trigger, consequence and impact;
- Basis for risk, scoring including probability of occurrence and impact, including any financial impact;
- Overall score and its justification;
- Treatment options and mitigation strategies;
- Opportunity identification; and
- Residual risk information.

### 1.3.3 Governance Integration

This RMF has advocated that NSS risk management be integrated vertically from the Project to Strategy-level and horizontally across departments in formal governance bodies. Referring back to Section 1.2 of this RMF, “risk management cannot be practiced effectively in silos.” The below diagram is a simple depiction of the governance integration advocated here.





## 2 ANNEXES

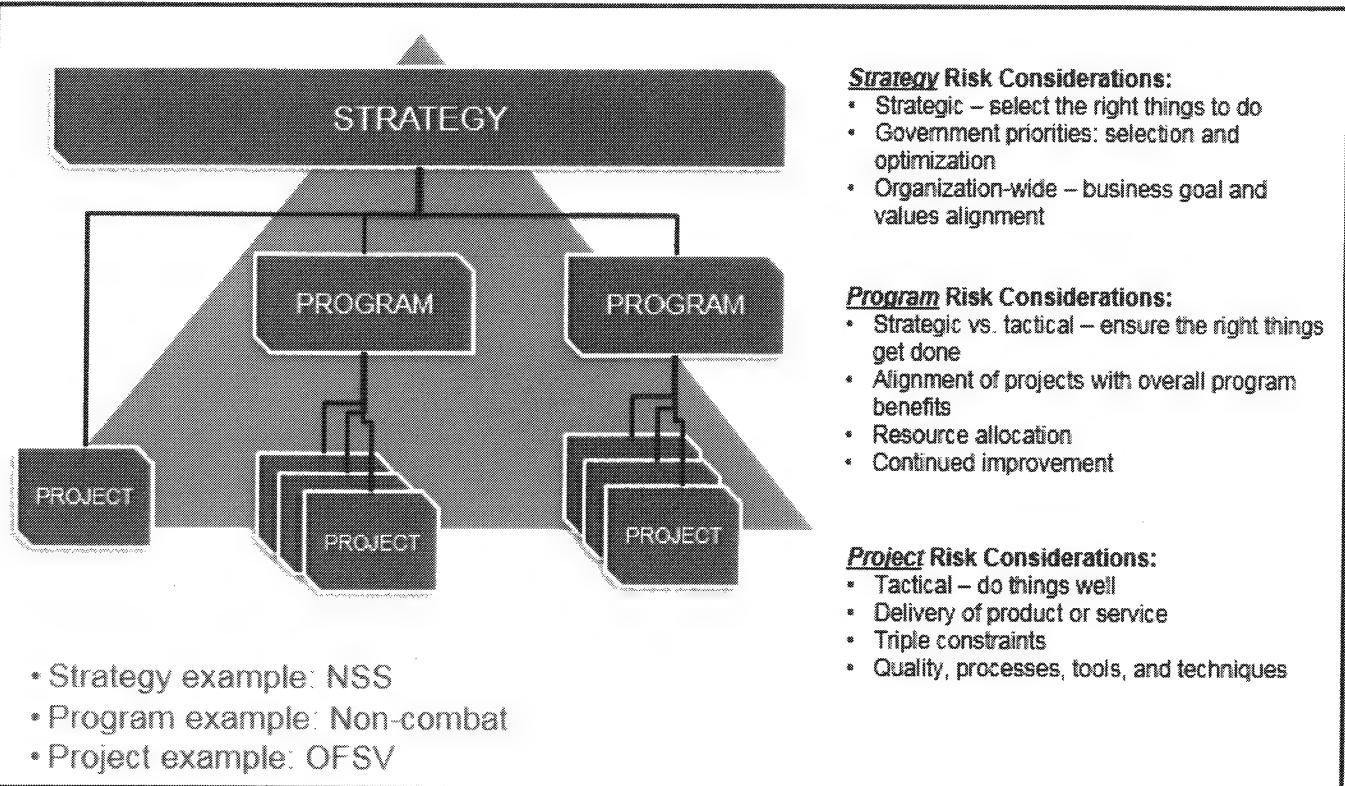
### 2.1 NSS PgMO Risk RACI Matrix

	ADMC	DMGC	ISI/ VSY	NSS PgMO	PMC	PMOs	RMB
Identifying Program risks, assessments, mitigations	I	-	C	R	-	C	A
Identifying Strategy risks, assessments, mitigations	I	-	C	R	-	C	A
Approving Strategy risks, assessments, mitigations	R	-	-	C	-	C	A
Approving Program risks, assessments, mitigations	I	-	-	C	-	C	R
Identifying OPIs, risks to be raised and lowered	I	-	-	R	-	C	A
Assigning OPIs, raising and lowering risks	I	-	-	R	-	C	A
General Program & Strategy risk monitoring and reporting	I	-	-	R	-	C	A
Maintaining Program & Strategy-level Risk Register and Dashboard	I	I	I*	R	I*	I	A
RMB ToRs, agenda, RoDs	I	-	-	R	-	I	A

- **Responsible:** those who do the work to achieve the task
- **Accountable:** the one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those responsible
- **Consulted:** Those whose opinions are sought, typically subject matter experts and with whom there is two-way communication
- **Informed:** Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication



## 2.2 Project vs. Program vs. Strategy





NATIONAL SHIPBUILDING STRATEGY  
STRATÉGIE NATIONALE EN MATIÈRE DE CONSTRUCTION NAVALE

TERMS OF REFERENCE  
NSS Risk Management Board (RMB)  
Version 1.0  
29 Dec. 2016

*National Shipbuilding Strategy*

*Acquisitions Branch*

*Public Services & Procurement Canada*



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## REVISION HISTORY

Version	Date	Change Request(s)	Description	Modified By
0.1	17 November 2016		Initial draft completed based on the APT RMB ToR and the NSPS PMRC for Risk Management ToR	Keeton Wilcock
0.2	5 December 2016	Doug Taggart, Yuliya Yarotska	“Portfolio” to “Strategy,” edits for clarification	Keeton Wilcock
0.3	15 December 2016	Doug Taggart, Yuliya Yarotska	Edits for clarification	Keeton Wilcock
0.4	20 December 2016	Ian Mack	Deletion of Quorum section as no money is being spent/policy being set	Keeton Wilcock
0.5	29 December 2016	Scott Leslie	Scott Leslie as RMB chair, membership update, RACI simplification, Program vs Strategy clarification	Keeton Wilcock
0.6	29 December 2016	Doug Taggart	“PSPC Risk Integrated Management Framework” to “PWGSC Policy on Integrated Risk Management”	Keeton Wilcock
1.0	29 December 2016	DGGC	ToR accepted by DGGC, ToR changed to version 1.0	Keeton Wilcock



## 1 NSS RISK MANAGEMENT BOARD TERMS OF REFERENCE

### 1.1 Overview

To fulfill the assigned responsibilities and manage the activities pursuant to the National Shipbuilding Strategy (NSS) Risk Management Framework (RMF) and the Program Management Plan (PMP), the NSS Program Management Office (PgMO) and the NSS Director General Governance Committee will establish a Risk Management Board (RMB) to oversee the management of Program and Strategy-level risks to the NSS and its three main objectives, namely:

- Timely delivery of affordable ships to the Royal Canadian Navy and Canadian Coast Guard;
- Development of a sustainable Canadian Marine Sector; and
- Delivery of economic benefits for Canada.

These Terms of Reference are intended to summarize the role of the RMB in applying a risk management lens to the NSS Program and Strategy-level activities through the application of the NSS RMF. This is all done in expectation of enhancing the likelihood of successful attainment of each of the NSS's three main objectives.

### 1.2 Purpose and Scope

Treasury Board (TB) of Canada has recognized through experience that capital projects, especially large and complex ones like the NSS, are subject to risks that must be formally managed in accordance with the following references:

- The *Framework for the Management of Risk* (TB); and
- The *PWGSC Policy on Integrated Risk Management*.

Risk management for the NSS is conducted under the authority and direction of the RMB.

### 1.3 RMB Mandate and Responsibilities

The RMB has full responsibility for and authority over processes (see Annex 2.1) and activities relating to NSS risk management.

### 1.4 Meetings

The NSS RMB will meet monthly or as otherwise requested by ADMC or DMGC. Meetings will be held in the National Capital Region. The NSS PgMO, and more specifically the NSS PgMO Risk Management Team, will act as the Secretariat supporting the RMB (i.e. scheduling meetings).

### 1.5 Information Management

The NSS PgMO will be distributing documents for meetings, maintaining version control of documents, and developing briefings, reports, and other documents as requested. The following documents will be distributed to RMB members two business days prior to a scheduled NSS RMB meeting:

- Meeting agenda;
- Previous meeting's Record of Decisions; and



# NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE EN MATIÈRE DE CONSTRUCTION NAVALE

- Current Risk Register highlighting the new, amended, or deleted risks to be presented to the NSS RMB.

## 1.6 Member Responsibilities

The Board is constituted to ensure that Program and Strategy risks pertaining to the NSS are identified, assessed, appropriately mitigated, and appropriately communicated to relevant NSS stakeholders. In simple terms, Program risks refer to those which are expected to impact either the Combat or the Non-Combat program, but not necessarily both (or if the risk impacts both programs, it will impact them in materially different ways). Strategy-level risks are expected to impact both the Combat and the Non-Combat programs. The responsibility and accountability for these actions reside with the RMB, with the NSS PgMO sharing some responsibilities in their Secretariat role (see Annex 2.2). The Board will report as required to the ADMC and DMGC. The Board will escalate risks to the ADMC when required and delegate risks to the Projects when required.

Specifically, the Board will provide the following advisory functions and responsibilities with respect to the key elements of NSS RMF:

- Review the Risk Register periodically (as part of this process, provide input to the identification, assessment and management of Program and Strategy-level risk, and review the completeness of the list of risks and identify any new risks which may materially impact the Program or Strategy);
- Review and validate the status of the top risks at every meeting;
- Conduct a thorough examination of at least one risk per meeting;
- Participate periodically in risk scoring of identified Program and Strategy risks;
- Assign OPIs and develop mitigation Strategies for risks;
- Identify risks to raise to ADMC and risks to delegate to Projects;
- Provide support and direction to the NSS PgMO risk team on risk-related issues, and support the development and continuous improvement of risk management practices; and
- Encourage and facilitate sharing of risk information and lessons learned/best practices among stakeholders.

## 1.7 Member Roles

The Chair of the RMB will provide the leadership in the management of events that could present substantial impact to the desired Program and Strategy-level outcomes of the NSS and the formulation of options to reduce the negative (risk) impact and/or to take advantage of the positive (opportunity) impact.

The Chair will lead the monthly review of up to the top 10 risks and new information (updates and new risks) in the Risk Register and lead a deep-dive on at least one risk, with support from the Secretariat. The Chair will also direct the RMB to provide a monthly Program Risk Dashboard and Strategy Risk Dashboard to the ADMC and DMGC, and will disseminate feedback from the bodies to the RMB for action.

The Secretary/Secretariat of the RMB will provide administrative support to the Chair, act as the coordination point for all business tabled at the RMB meetings, maintain the current the Risk Register and Dashboard, and prepare reports for the RMB as requested. The Secretary/Secretariat will provide the meeting agenda and material to be tabled at the RMB to



## NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE EN MATIÈRE DE CONSTRUCTION NAVALE

the members at least 2 business days prior to RMB meetings and record decisions and action items arising from each meeting.

RMB Members are responsible to alert the Secretariat of developments associated with current risks and new risks for analysis and review by the RMB, and to provide additional agenda item(s) and background to the Secretary for distribution to the membership.

### 1.8 Membership

The core membership of the RMB will include:

- **Standing Member** – Director General, Large Ships and NSS, PSPC
- **Standing Member** – Director General, Large Combat Ships, PSPC (Chair)
- **Standing Member** – Director General, Major Project Delivery (Sea), DND
- **Standing Member** – Director General, Major Projects, CCG
- **Standing Member** – Director General, Industrial Technological Benefits, ISED
- **Observing Member** – Director General, Defence Procurement Secretariat, PSPC
- **Observing Member** – Director, NSS PgMO, PSPC (Secretary)
- **Observing Member** – Risk Management Team, NSS PgMO, PSPC (Secretariat)<sup>1</sup>

The RMB will call upon other stakeholders to attend committee meetings, in accordance with the subject matter under consideration at the time. These stakeholders include but are not limited to:

- Procurement Directors of NSS Projects;
- Project Managers of NSS Projects;
- Assigned Communication Advisor(s) from Acquisitions Branch, PSPC;
- PSPC assigned Legal Counsel;
- PSPC assigned Cost Analysts;
- Industry Canada representatives responsible for Value Proposition (VP) and Industrial & Technological Benefits (ITBs);
- Representatives from DND's National Shipbuilding Procurement Office (NSPO) and the Department of Fisheries and Oceans; and
- Representatives from Treasury Board Secretariat (TBS).

The RMB may also call upon other stakeholders to attend and contribute to the Board meetings, on a periodic basis and as the need arises. These stakeholders include but are not limited to:

- Other Government Stakeholders;
- Third Party Advisor(s);
- Industry representatives; and
- Shipyard representative(s).

<sup>1</sup> The Director General, Marine Services and Small Vessels, PSPC, and DND and CCG counterparts, will also be brought onto the RMB as standing members once initial large ships and combat ships risk work has been completed.



## 2 ANNEXES

### 2.1 Risk Management Procedures

For full risk management procedures, please consult the *NSS Risk Management Framework*. Broadly, the risk management steps are:

*a. Risk Identification*

The objective of this step is to identify key risks, as well as internal and external factors that may potentially affect the NSS and to clearly understand the implications of the identified risks and trigger points to the NSS as a whole. This is also includes characterization of each risk with a set of pre-determined categories – the *TBS Guide to Risk Taxonomies* deals with this part of risk management.

*b. Risk Assessment/Quantification*

Risk quantification is the step of estimating, at the very least, the probability of a risk event occurring and the consequence if it were to occur.

*c. Risk Response Strategy*

Risk Response Strategy is a proposed action to prevent a risk from occurrence or minimize its negative impact to the Project/Program/Strategy in case the risk is realized.

*d. Risk Review and Monitoring*

This step involves the regular review of risk information to ensure that the impact of changing circumstances on risks is considered. It also involves the review of risk responses to ensure that they are effectively implemented and achieve their planned results.

*e. Risk Reporting*

This step refers to the communication and reporting of risk information to the appropriate levels of the organizations at the right times to support decision-making.



## 2.2 NSS PgMO - Risk – RACI Matrix

	ADMC	DMGC	ISI/ VSY	NSS PgMO	PMC	PMOs	RMB
Identifying Strategy risks, assessments, mitigations	I	-	C	R	-	C	A
Identifying Program risks, assessments, mitigations	I	-	C	R	-	C	A
Approving Strategy risks, assessments, mitigations	R	-	-	C	-	C	A
Approving Program risks, assessments, mitigations	I	-	-	C	-	C	R
Identifying OPIs, risks to be raised and lowered	I	-	-	R	-	C	A
Assigning OPIs, raising and lowering risks	I	-	-	R	-	C	A
General Program & Strategy risk monitoring and reporting	I	-	-	R	-	C	A
Maintaining Program & Strategy-level Risk Register and Dashboard	I	I	I*	R	I*	I	A
RMB ToRs, agenda, RoDs	I	-	-	R	-	I	A

- **Responsible:** those who do the work to achieve the task
- **Accountable:** the one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those responsible
- **Consulted:** Those whose opinions are sought, typically subject matter experts and with whom there is two-way communication
- **Informed:** Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication

**PROJECTS/PROCUREMENTS STATUS REPORT – EXECUTIVE SUMMARY (March 10, 2017 DMGC)**

s.21(1)(a)  
s.21(1)(b)  
s.20(1)(c)

s.69(1)(g) re. (a)  
s.69(1)(g) re. (c)

CAPITAL PROJECTS	Scope	Schedule	Budget	Reasoning for rating & Key issues	Upcoming decisions / Action required	
					National Shipbuilding Strategy Projects	
Arctic and Offshore Patrol Ship (AOPS) (phase: IMPLEMENTATION)						
Canadian Surface Combatant (CSC) (phase: DEFINITION)						
Offshore Fisheries Science Vessel (OFSV) (phase: IMPLEMENTATION)				• Construction is expected to start in 2018.		
Offshore Oceanographic Science Vessel (OOSV) (phase: DEFINITION)						

Capital Projects					Upcoming decisions / Action required
Joint Support Ship (JSS) (phase: DEFINITION)		Scope	Schedule	Budget	Reasoning for rating & Key issues
Polar Class Icebreaker (phase: DEFINITION)					
A Fixed-Wing Search and Rescue (FWSAR) (phase: IMPLEMENTATION)					

s.21(1)(a)	s.69(1)(g) re: (a)
s.21(1)(b)	s.69(1)(g) re: (c)

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CAPITAL PROJECTS		Scope	Schedule	Budget	Reasoning for rating & Key issues	Upcoming decisions / Action required
Future Fighter Capability Project (FFCP)	(phase: OPTIONS ANALYSIS (schedule baseline: N/A))					
Interim Fighter Capability Project (iFCP)	(phase: Definition (schedule baseline: TBC))					
Joint Unmanned Surv & Tgt Acq Sys (JUSTAS)	(phase: OPTIONS ANALYSIS (schedule baseline: N/A))					
Maritime Helicopter Project (MHP)	(phase: IMPLEMENTATION)					

s.21(1)(a)  
s.21(1)(b)

Page 3 of 5

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CAPITAL PROJECTS		Scope	Schedule	Budget	Reasoning for rating & Key issues	Upcoming decisions / Action required
L	Logistics Vehicle					
A	Modernization					
N	(LVM)					
D	(phase: OPTIONS ANALYSIS) (schedule baseline: N/A)					
S	AOPS / JSS In-					
E	Service Support					
A	(AJISS)					
Interim Auxiliary						
Oiler Replenishment						
(iAOR)						
A	Contracted Airborne					
I	Training Services					
R	(CATS) III					

\*Note: Performance ratings for Budget, Schedule and Scope for project in the Option Analysis Phase are not reported.

s.21(1)(a)  
s.21(1)(b)  
s.69(1)(g) re: (a)

Annex A – Legend (MCP-IOC legend for Scope/Schedule/Budget color ratings)  
 To Projects / Procurements status report - Executive Summary

Area	Issue / Risk rating	Area	Issue / Risk rating
<b><u>For projects in definition / implementation:</u></b>			<b><u>For projects in definition:</u></b>
Scope	<p><b>Green</b> – No change to the approved scope.</p> <ul style="list-style-type: none"> <li>– There are risks that will likely lead to scope change.</li> </ul> <p><b>Red</b> – Approved scope unachievable. Return to approval authority.</p>	<p><b>Green</b> – Within no more than three months (one quarter) or 110% of planned definition period whichever is greater.</p> <ul style="list-style-type: none"> <li>– Within three to six months (one to two quarters) or 110-120% of planned definition period, or of approved re-baseline by MCP-IOC, whichever is greater.</li> </ul> <p><b>Red</b> – Over six months or longer than 120% of planned definition period or of approved re-baseline by MCP-IOC, whichever is greater.</p>	<p><b>Green</b> – Within no more than three months (one quarter) or 110% of planned definition period whichever is greater.</p> <ul style="list-style-type: none"> <li>– Within three to six months (one to two quarters) or 110-120% of planned definition period, or of approved re-baseline by MCP-IOC, whichever is greater.</li> </ul> <p><b>Red</b> – Over six months or longer than 120% of planned definition period or of approved re-baseline by MCP-IOC, whichever is greater.</p>
<b><u>For projects in definition:</u></b>			<b><u>For projects in implementation:</u></b>
Budget	<p><b>Green</b> – Forecast is to remain within approved Expenditure Authority by employing no more than 50% of the approved contingency<sup>2</sup>.</p> <ul style="list-style-type: none"> <li>– Forecast is to remain within approved Expenditure Authority by employing more than 50% of the approved contingency<sup>2</sup>.</li> </ul> <p><b>Red</b> – Forecast is to exceed approved Expenditure Authority including approved contingency<sup>2</sup>.</p>	<p><b>Green</b> – Current implementation budget is anticipated to be sufficient to deliver the capability.</p> <ul style="list-style-type: none"> <li>– Current implementation budget may not be sufficient and there is a risk of capability trade-offs to remain within budget.</li> </ul> <p><b>Red</b> – Clear indications that the current implementation budget will not be sufficient; minimum requirements may not be met.</p>	<p><b>Green</b> – Forecast is to remain within approved Expenditure Authority by employing no more than 50% of the approved contingency<sup>2</sup>.</p> <ul style="list-style-type: none"> <li>– Forecast is to remain within approved Expenditure Authority by employing more than 50% of the approved contingency<sup>2</sup>.</li> </ul> <p><b>Red</b> – Forecast is to exceed approved Expenditure Authority including the approved contingency<sup>2</sup>.</p>
<b><u>For projects in implementation:</u></b>			<b><u>For projects in implementation:</u></b>
Schedule	<p><b>Trend</b></p> 	<p><b>Trend</b></p> 	<p><b>Red</b></p>  <p>No change from previous report</p> <p><b>Yellow</b></p>  <p>Deterioration from previous report</p> <p><b>Green</b></p>  <p>Improvement from previous report</p>

Note 1: The schedule indicator in Yellow or Red will be turned to Green after the Project Approving Authority or Government committee, as applicable, approves a project submission with a new timeline. Between such submission approvals, the indicator in Yellow or Red cannot return to Green, while Red to Yellow is allowed.

Note 2: Refers to the portion of the approved project funding that is budgeted to allow departmental project managers some flexibility managing project risk which could result in unforeseen changes to costs, without re-engaging the project approval process.

DATE: 2017-02-14

**PROJECT TITLE:** Arctic and Offshore Patrol Ship (AOPS)

**PROJECT OBJECTIVE:**

To deliver ice-capable offshore patrol ships that will be used by the Royal Canadian Navy to conduct sovereignty and surveillance operations in Canada's waters, including the Arctic. The Arctic and Offshore Patrol Ship project is acquiring ships, In-service support elements, jetty infrastructures in Halifax and Esquimalt as well as a berthing and fueling facility at Iqaluit, Nunavut.

**PROCUREMENT STRATEGY**

The National Shipbuilding Strategy selected Irving Shipbuilding Incorporated to design and build the Arctic and Offshore Patrol Ship. A separate long term In-Service Support contract to be combined with the Joint Support Ship will be awarded through a competitive process.

**ACHIEVEMENTS**

March 2013: Awarded the Definition contract to Irving Shipbuilding Incorporated, which consisted of 7 tasks to be progressively completed on time and under budget in October 2015. Aside from maturing the design to a production-ready state, this included acquiring long lead item information and items to support a test and construction. Also completed were the lead item of test modules for the first ship in advance of starting full production, which allowed the shipyard workforce to test their skills with new equipment.

January 2015: The government announced the award of the Build contract for the Arctic and Offshore Patrol Ships.

September 2015: With the official cutting of steel, the lead ship in the class, the future HMCS Harry DeWolf, entered full production.

August 2016: With the official cutting of steel, the second ship in the class, the future HMCS Margaret Brooke, entered full production.

**INDUSTRY ENGAGEMENT ACTIVITIES**

Since March 2014, five Arctic and Offshore Patrol Ship and Joint Support Ship In-Service Support Industry working group meetings have occurred. Topics discussed included: Content of In-Service Support; Performance Work Statement; Terms and Conditions; Performance Measures; Evaluation Conditions; and Relational Contracting. A series of one-on-one meetings with industry working group members were held 7-8 June 2016 to discuss intellectual property clauses and the proposed sparing model. All industry comments and concerns were adjudicated before the approval of the procurement plan and requisition. This allowed for the release of a Request for Proposals. Four submissions from industry were received on 8 November 2016. The evaluation process completed 14 December 2016. Negotiations with the highest scoring bidder started 18 January 2017 and successfully completed 8 February 2017. Written evaluation objectives to all four bidders have been reviewed by the Fairness Monitor and sent 15 February 2017.

**SOCIO-ECONOMIC BENEFITS**

The Industrial and Regional Benefits (IRB) policy is being applied to the Arctic and Offshore Patrol Ship Definition and Implementation Contracts. The total IRB obligation to date is \$2.5 billion. \$837 million has been completed to-date and \$1.1 billion is in progress. Irving Shipbuilding Inc. has \$12.5 million in National Shipbuilding Strategy Value Proposition obligations, with existing commitments valued at \$11.1 million.

**KEY MILESTONES**

Milestone	Approved	Planned/Actual	Notes/Comments
Contract Award	2013-03-07		
Contract Award	2015-01-03		
Cut Steel Ship 1	2015-09-01		
Cut Steel Ship 2	2016-08-25		
First Delivery	2018		
Initial Operational Capability	2019		
Full Operational Capability	2020		
Project Closeout	2024		

**FINANCIALS**

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)	Major In-Service Support Contract (over 25 years)	Personnel, Operations and Maintenance (Pent estimate over 25 years, excluding ISS cost)	Estimated Life Expectancy (25 years)

**TIMELINE**

| Contract Award |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | ***            | ***            | ***            | ***            | ***            | ***            | ***            |
|                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |

s.69(1)(g) re: (c)

**PROJECT FINANCIAL STATUS (exclusive of GST/HST)**

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

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CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSFCU (inclusive of GST/HST))		Approved Contracting Authority		Contract Information	
Contractor	Deliverable	Value (by Millions)	Approval Date	Contract Date	Extended to Last Thimester
BATI Fleet Technology Limited	Support to PMO	...	2008-05-07	2012-06-27	
Hydro-Shipbuilding Inc.	Ancillary Contract	2.3 CAD	2010-06-01	2013-03-07	
Hydro-Shipbuilding Inc.	Definition Contract	...	2013-03-07		
Hydro-Shipbuilding Inc.	Implementation Contract	...	2015-01-05		

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UNIFORM INFORMATION

the *Journal of the Royal Society of Medicine* (1980, 73, 101-102) and the *Journal of Clinical Pathology* (1980, 34, 101-102).



s.20(1)(c)  
s.69(1)(g) re: (



PROFESSIONAL STATUS (exclusive of GST/HST)

Costs	Policy-Approved Indicative Cost	Project Total Cost Estimate		Expenditure Authority Approved	Expenditure Authority Expended to Last FInalester
		Project Approval	With IFMOC-Approved Increases		

Note: Cost numbers in GREEN have been released to the public; numbers in RED not

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CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSFCU) (Inclusive of C\$111M)		Contract Information	
Contractor	Deliverable	Approved Contracting Authority	Contract Date
Irving Shipbuilding Incorporated	Task Based Definition Support Services	Value (By Millions)	Value (By Millions)
Irving Shipbuilding Incorporated	Task Based Ancillary Contract # 2	2014-07-20	2014-10-24
Irving Shipbuilding Incorporated	Task Based Ancillary Contract # 1	2014-06-27	2014-08-27

Richard, I think we've been here before. I'm not sure how to proceed.

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PLANNED/POTENTIAL USE OF MOU		Used for
Name of MOU	PLANNED/POTENTIAL USE OF MOU	Used for
Defence Materiel Cooperation	DoD Australia and DND	Obtain and share information only
MOU Partners		

115 DOD / Naval Systems Committee (NAVSEC)

To provide subject matter expert support

Novel Software Technical and Economic Management Standards

1150 / DODD ET AL.

To provide subject matter expert support

1150 | DOI: 10.1111/j.1467-954X.2007.00706.x | *Journal of Management Education* | Volume 32 Number 8

Novel Software Technical and Economic Management Standards

#### **ADDITIONAL INFORMATION**







PROJECT FINANCIAL STATUS (exclusive of GST/HST)		Project Total Cost Estimate		Expenditure Authority	
Costs	Policy-Approved Indicative Cost	Project Approval	With IRMC-Approved Increases	Approved	Expended to Last Trimester
(Date)					
Acquisition (\$M)					
PMO Cost (\$M)					
Contingency (\$M)					
<b>Total (by Millions)</b>			\$ 146.4 million		

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (inclusive of GST/HST)		Approved Contracting Authority		Contract Information	
Contractor	Deliverable	Value (by Millions)	Approval Date	Contract Date	Expended to Last Trimester
Stearns' Vancouver Shipyards Co. Ltd	Auxiliary Task-based			2.6 CAD	2014-06-14
VARD Marine	Auxiliary Task-based			1.2 CAD	2014-06-22
Stearns' Vancouver Shipyards Co. Ltd.	Construction Engineering			25.5 CAD	2015-11-15
Stearns' Vancouver Shipyards Co. Ltd.	Long Lead Items and Material			2.0 CAD	2016-02-23

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

PLANNER/POTENTIAL USE OF MOU		Used for		Contracting authority	
Name of MOU	MOU Partners	PSPC and CCG	Implementation of the NSS	PSPC, DND and Coast Guard	PSPC, DND and Coast Guard
Master Agreement for the Provision of Projects/Programs Procurement Services - via Acquisition Branch, PSPC					

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

ADDITIONAL INFORMATION	
<ul style="list-style-type: none"> <li>Horizontal Engineering Program Plan (HEPP)</li> <li>Horizontal program management, engineering and supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Basic Design Development, the second phase of construction engineering, is underway.</li> <li>Construction is expected to start in 2018</li> </ul>

s.69(1)(g) re: (a)  
s.69(1)(g) re: (c)



**PROJECT FINANCIAL STATUS** (exclusive of GST/HST)

Costs	Policy Approved Indicative Cost	Project Approval	Project Total Cost Estimate With IRMC-Approved Increases	Expenditure Authority Approved	Expenditure Authority Expenditure to Last Thimster																																																						
<b>CONTRACTS FINANCIAL STATUS</b> (This section is to be updated in consultation with PSPC) (inclusive of GST/HST)																																																											
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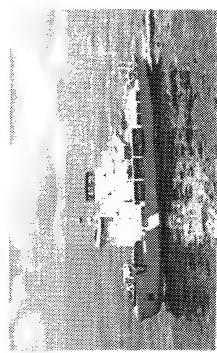
Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

**PLANNED/POTENTIAL USE OF MOU**

Name of MOU	MOU Partners	Used for	Contract Information		
			<table border="1"> <thead> <tr> <th>Contract Date</th> </tr> </thead> <tbody> <tr> <td>2002-12-11</td> </tr> </tbody> </table>	Contract Date	2002-12-11
Contract Date					
2002-12-11					

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**ADDITIONAL INFORMATION**



## INDUSTRY ENGAGEMENT ACTIVITIES

N/A

## PROJECT PHASE:

Definition

## PROCUREMENT STRATEGY

### Under Canada's National Shipbuilding Strategy, VSY was selected through a competitive process to build the country's non-combat vessels.

### ACHIEVEMENTS

- In November 2011, Canada awarded the design contract to VARD Marine for the Polar Icebreaker.
- In October 2013, the decision was made under the National Shipbuilding Strategy to sequence the Polar Icebreaker project as the fourth procurement to occur at VSY following the Royal Canadian Navy's Joint Support Ship project.
- In March 2014, the final Construction Specification and Design Package was delivered. Shortly after, the final of three detailed design stages was completed by VARD Marine, including an appraisal by Lloyd's Register. VARD Marine remains engaged in ongoing design, maintenance and technical risk mitigation work, albeit at a reduced pace.

### KEY MILESTONES

#### Planned/Actual

Milestone	Approved	S.20(1)(c)	S.21(1)(b)
Implementation – Contract Award			
Implementation – Delivery			
Implementation – Full Operational Capability			
Project Closed Out			

### S.69(1)(g) re: (c)

sequencing decision required Coast Guard to extend the life of CCGS Louis S. St-Laurent. This vessel life extension work is being funded by the Polar Icebreaker project.

### POINTS TO NOTE

The 2013 Industrial and Regional Benefits (IRB) equivalent to 100% of all contract values will be applied to this project. This information is updated annually. The Industrial and Regional Benefits Policy will be applied to the Polar Icebreaker project. In addition, the NSS Value Proposition equal to 0.05 percent of the value of the resultant contracts will apply to this procurement.

### S.69(1)(g) re: (c)

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### ISSUE/RISK ASSESSMENT

Area	Previous	Current	Issue/Risk Summary
Scope			
Schedule			
Budget (Definition)			
Budget (Implementation)			
Human resources			
Procurement			
INFRASTRUCTURE			
Technical			
Infrastructure			
Other			

### S.69(1)(g) re: (c)

Area	Previous	Current	Issue/Risk Summary
Scope			
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Budget (Definition)			
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Technical			
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### S.69(1)(g) re: (c)

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Other			

### S.69(1)(g) re: (c)

Area	Previous
------	----------

PROJECT FINANCIAL STATUS (exclusive of GST/HST)		Project Total Cost Estimate		Expenditure Authority	
Costs	Policy-Approved Indicative Cost	Project Approval	With IRMC-Approved Increases	Approved	Expended to Last Quarter
(Date)					
Acquisition (\$M)					
PMO Cost (\$M)					
Contingency (\$M)					
Total (\$M Millions)	\$ 800.0 Public		\$ 1,207.8 Public		

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (exclusive of GST/HST)					
Contractor	Deliverable	Approved Contracting Authority	Approval Date	Value (in Millions)	Contract Information
VARD Marine Inc. (Design Services Contract)	Detailed Contract Design Proj. Const. Spec.				Contract Date 2015-04-12
Vancouver Shipyards - Ancillary Task Authorization Contract (Expired 31 Mar 2016)	Task based - 9 tasks awarded				Value (in Millions) 2.8 CAD 2015-03-01 Public

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

PLANNED/POTENTIAL USE OF MOU		Used for		Contracting Authority	
Name of MOU	MOU Partners	Used for	MOU	Contracting Authority	Contracting Authority
National Shipbuilding Strategy (NSS)					Implementation of NSS
Horizontal Engineering Program Plan (HEPP)					Horizontal program management, engineering and supply chain management with Vancouver Shipyards
Polar Icebreaker Project Annex No. 1 to CAN-US MOU for Cooperation in Ship Design and Construction					Information/technical exchanges to further meet renewal objectives of both countries.

**ADDITIONAL INFORMATION**

**s.69(1)(g) re: (a)**

**s.20(1)(c)**

**s.21(1)(b)**

**DATE:** 2014-02-13  
**PROJECT TITLE:** Fixed-Wing Search and Rescue Aircraft Replacement Project (FWSAR)

**PROJECT OBJECTIVE:**  
 To replace the capability provided by the current fixed-wing SAR fleets of CC-115 Buffalo and CC-130H Hercules aircraft by acquiring new, sensor-equipped aircraft with long-term in-service support.

**PROJECT PHASE:** Implementation

Competitive Request for Proposals using a best value procurement strategy.

**ACHIEVEMENTS**

December 2011: The FWSAR Project Management Office was re-established.

31 March 2015: The Request for Proposal was released and included a value proposition strategy.  
 11 January 2016: The Request for Proposal closed with three bidders submitting six proposals.  
 20 May 2016: The final Ground and Flight evaluation was completed.  
 11 June 2016: The bid evaluation was completed.  
 2016: Contract awarded to Airbus Defence and Space.

**s.69(1)(g) re: (a)**  
**s.69(1)(g) re: (c)**

**INDUSTRY ENGAGEMENT ACTIVITIES**

To reduce risks to both the Government of Canada and to Bidders, the following industry engagement activities occurred between December 2011 to March 2016 before the release of the Final Requests for Proposal: conducted two industry days with over 200 participants; seven multi-day one-on-one meetings with each industry team; and eight telephone/video conferences; all RFP documents were released to industry for review and responses were received; conducted site visits of the four existing Main Operating Bases and a tour of a Joint Rescue Coordination Centre; and produced and distributed a video showing a day in the life of a search and rescue technician to ensure industry fully understood requirements.

**SOCIO-ECONOMIC BENEFITS**

The Industrial and Technological Benefits policy was applied to both the Acquisition and In-Service Support parts of the contract. The FWSAR Value Proposition leveraged Canada's strong defence and commercial aerospace capability by motivating activities focused on supplier development, research and development, partnering with a Canadian ISS Integrator for domestic support, and enabling global ISS opportunities through access rights to intellectual property and technical data.

**PROCUREMENT STRATEGY**

Acquisition of a new aircraft to replace the current CC-115 Buffalo and CC-130H Hercules aircraft.

Milestones	Planned	Approved	Planned/Actual	Notes/Comments	KEY MILESTONES						
					Request for Proposal Release	Request for Proposal Close	Bid Evaluation Complete	Implementation – Contract Award	Implementation – First Delivery	Implementation – Initial Operational Capability	Implementation – Full Operational Capability
					2015-03-31	2016-01-11	2016-06-01				
					Fall 2016	2016-12-01					
					2019	2019					
					2020	2020					
					2022	2022					
					2023	2023					

**Milestones**

**POINTS TO NOTE**

30 Jan - 3 Feb 2017: Kickoff and User Requirement Review was held.  
 The System Requirement Review will be held at the end of March 2017.

**ISSUE/RISK ASSESSMENT**

**Issue/Risk Summary**

**Previous**

**Current**

**Scope**

**Schedule**

**Budget (Definition)**

**Budget (Implementation)**

**Human Resources**

**Procurement**

**IRB/ITNP**

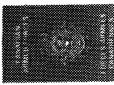
**Technical**

**Infrastructure**

**Other**

**Value (By Millions)**

FINANCIALS	Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency) (includes Definition, Transition ISS & AWRS)	Major In-Service Support Contract (over 20 years)	Personnel, Operations and Maintenance (Dep't estimate over 30 years)	Estimated Life Expectancy (30 years)	Timeline			
					Request for Phase	Contract Award	Today	Future
***	***	***	***	***	2013	2014	2015	2016
2012	2013	2014	2015	2016	2017	2018	2019	2020



s.20(1)(c)  
s.69(1)(g) r  
s.69(1)(g) r

### PROJECT FINANCIAL STATUS (exclusive of GST/HST)

Costs	Policy-Approved Indicative Cost	Project Total Cost Estimate With IRMC-Approved Increases	Project Approval	Expenditure Authority Approved	Expenditure to Last Thimester	

Note: Court numbers in parentheses have been released to the public; numbers in ~~bold~~ not.

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Contractor		Deliverable		Approved Contracting Authority		Contract Information	
Contractor		Deliverable		Value (by Millions)		Value (by Millions)	
Contractor		Deliverable		Approval Date	Contract Date	Expenditure to Last Quarter	0.00 CAD
Contractor	Deliverable	Contractor	Deliverable	Approval Date	Contract Date	Expenditure to Last Quarter	0.00 CAD
Arbitus Defense and Space	2016-12-01	2016-12-01	0.00 CAD	0.00 CAD			

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Note: Cost numbers in parentheses have been

SALADE/SPORT

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#### ADDITIONAL INFORMATION

**DATE:** 2017-02-10  
**PROJECT TITLE:** Maritime Helicopter Project (MHP)

**PROJECT OBJECTIVE:**

The Maritime Helicopter Project involves the delivery of 28 state-of-the-art combat-capable CH-148 Cyclone helicopters, associated logistical and insurance support, spare parts, as well as modifications to the Halifax-class ships and construction of a new training facility equipped with a full training suite of flight, mission and maintenance simulators.

**PROCUREMENT STRATEGY**

Competitive Solicitation of Interest and Qualification followed by a Request for Proposal

**ACHIEVEMENTS**



- CH-148 first flight took place in November 2008
- Contract Awardment 004 signed on 18 June 2014, defined and implemented a blocking strategy for final order delivery
- Six Block 1 aircraft were delivered in June, 2015. Two Capability Release (CR) 1.1 aircraft delivered December 2015
- Contract Amendment 007 signed 28 January, 2016 includes an increase in the number of CR 1.1 Cyclones being delivered to the Royal Canadian Air Force
- The latest Ship/Helicopter and Operating Limits (SHOL) testing was conducted from January to April, 2016 on HMCS HALIFAX.
- Contract amendment 010 signed on 17 November 2016 defines a new approach to training devices to improve training throughput.

**INDUSTRY ENGAGEMENT ACTIVITIES**

Industry engagement was conducted prior to the Request For Proposal being published in December, 2003.

**PROJECT PHASE:** Implementation

**PROJECT STATUS:** On Track

**PROJECT RISK:** Low

**PROCUREMENT STRATEGY**

Competitive Solicitation of Interest and Qualification followed by a Request for Proposal

**ACHIEVEMENTS**

- On 4 December 2016, the 10th of 28 aircraft was formally accepted. It is the 4th to be delivered in the CR 1.1 configuration.

**S.69(1)(g) re: (a)**  
**S.69(1)(g) re: (c)**

**SOCIO-ECONOMIC BENEFITS**

The Industrial and Regional Benefits (IRB) Policy was applied to the acquisition and In-Service Support contracts. Total IRB obligation for Acquisition is 2,048, 2,048 completed to date and \$0 in progress. Total IRB In-Service Support is \$2,78, \$138 completed to date and \$118 in progress.

\*Values are updated annually.

**KEY MILESTONES**

Milestone	Approved	Planned/Actual	Notes/Comments
Request for Proposal Release	2003-12-17		
Request for Proposal Close	2004-05-14		
Bid Evaluation Complete	August 2004		
Implementation – Contract Award	2004-11-23		
Schedule Contract Keesselbe	2014-06-18		
Implementation – First Delivery Block 1	2015-06-19		
Implementation – First Delivery Block 2	June 2018		
Implementation – Initial Operational Capability	April 2018		
Implementation – Full Operational Capability	2025		
Project Closeout	Winter 2022		

**FINANCIALS**

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)	Major In-Service Support Contract (over 25 years)	Personnel, Operations and Maintenance (Dep't estimate over 25 years, minimum)	Estimated Life Expectancy (25 years minimum)	Years, excluding ISS cost)	Value (\$T MILLIONS)
					\$ 3.174.0
					\$ 5.777.6
					N/A

**TIMELINE**

Timeline	Phase/Project	Effective Project Approval	Contract Award	First Delivery	Final Delivery	Project Closed	Full Operational Capability
2003	2004	▼	***	2006	2014	2022	2025
2004	2005	▲	***	2007	2015	2023	2026
2005	2006	***	▲	2008	2016	2024	2027
2006	2007	***	▲	2009	2017	2025	2028
2007	2008	***	▲	2010	2018	2026	2029
2008	2009	***	▲	2011	2019	2027	2030
2009	2010	***	▲	2012	2020	2028	2031
2010	2011	***	▲	2013	2021	2029	2032
2011	2012	***	▲	2014	2022	2030	2033
2012	2013	***	▲	2015	2023	2031	2034
2013	2014	***	▲	2016	2024	2032	2035
2014	2015	***	▲	2017	2025	2033	2036
2015	2016	***	▲	2018	2026	2034	2037
2016	2017	***	▲	2019	2027	2035	2038
2017	2018	***	▲	2020	2028	2036	2039
2018	2019	***	▲	2021	2029	2037	2040
2019	2020	***	▲	2022	2030	2038	2041
2020	2021	***	▲	2023	2031	2039	2042
2021	2022	***	▲	2024	2032	2040	2043
2022	2023	***	▲	2025	2033	2039	2044
2023	2024	***	▲	2026	2034	2041	2045
2024	2025	***	▲	2027	2035	2042	2046
2025	2026	***	▲	2028	2036	2043	2047
2026	2027	***	▲	2029	2037	2044	2048
2027	2028	***	▲	2030	2038	2045	2049
2028	2029	***	▲	2031	2039	2046	2050
2029	2030	***	▲	2032	2040	2047	2051
2030	2031	***	▲	2033	2041	2048	2052
2031	2032	***	▲	2034	2042	2049	2053
2032	2033	***	▲	2035	2043	2050	2054
2033	2034	***	▲	2036	2044	2051	2055
2034	2035	***	▲	2037	2045	2052	2056
2035	2036	***	▲	2038	2046	2053	2057
2036	2037	***	▲	2039	2047	2054	2058
2037	2038	***	▲	2040	2048	2055	2059
2038	2039	***	▲	2041	2049	2056	2060
2039	2040	***	▲	2042	2050	2057	2061
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2042	2043	***	▲	2045	2053	2060	2064
2043	2044	***	▲	2046	2054	2061	2065
2044	2045	***	▲	2047	2055	2062	2066
2045	2046	***	▲	2048	2056	2063	2067
2046	2047	***	▲	2049	2057	2064	2068
2047	2048	***	▲	2050	2058	2065	2069
2048	2049	***	▲	2051	2059	2066	2070
2049	2050	***	▲	2052	2060	2067	2071
2050	2051	***	▲	2053	2061	2068	2072
2051	2052	***	▲	2054	2062	2069	2073
2052	2053	***	▲	2055	2063	2070	2074
2053	2054	***	▲	2056	2064	2071	2075
2054	2055	***	▲	2057	2065	2072	2076
2055	2056	***	▲	2058	2066	2073	2077
2056	2057	***	▲	2059	2067	2074	2078
2057	2058	***	▲	2060	2068	2075	2079
2058	2059	***	▲	2061	2069	2076	2080
2059	2060	***	▲	2062	2070	2077	2081
2060	2061	***	▲	2063	2071	2078	2082
2061	2062	***	▲	2064	2072	2079	2083
2062	2063	***	▲	2065	2073	2080	2084
2063	2064	***	▲	2066	2074	2081	2085
2064	2065	***	▲	2067	2075	2082	2086
2065	2066	***	▲	2068	2076	2083	2087
2066	2067	***	▲	2069	2077	2084	2088
2067	2068	***	▲	2070	2078	2085	2089
2068	2069	***	▲	2071	2079	2086	2090
2069	2070	***	▲	2072	2080	2087	2091
2070	2071	***	▲	2073	2081	2088	2092
2071	2072	***	▲	2074	2082	2089	2093
2072	2073	***	▲	2075	2083	2090	2094
2073	2074	***	▲	2076	2084	2091	2095
2074	2075	***	▲	2077	2085	2092	2096
2075	2076	***	▲	2078	2086	2093	2097
2076	2077	***	▲	2079	2087	2094	2098
2077	2078	***	▲	2080	2088	2095	2099
2078	2079	***	▲	2081	2089	2096	2100
2079	2080	***	▲	2082	2090	2097	2101
2080	2081	***	▲	2083	2091	2098	2102
2081	2082	***	▲	2084	2092	2099	2103
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2083	2084	***	▲	2086	2094	2101	2105
2084	2085	***	▲	2087	2095	2102	2106
2085	2086	***	▲	2088	2096	2103	2107
2086	2087	***	▲	2089	2097	2104	2108
2087	2088	***	▲	2090	2098	2105	2109
2088	2089	***	▲	2091	2099	2106	2110
2089	2090	***	▲	2092	2100	2107	2111
2090	2091	***	▲	2093	2101	2108	2112
2091	2092	***	▲	2094	2102	2109	2113
2092	2093	***	▲	2095	2103	2110	2114
2093	2094	***	▲	2096	2104	2111	2115
2094	2095	***	▲	2097	2105	2112	2116
2095	2096	***	▲	2098	2106	2113	2117
2096	2097	***	▲	2099	2107	2114	2118
2097	2098	***	▲	2100	2108	2115	2119
2098	2099	***	▲	2101	2109	2116	2120
2099	2100	***	▲	2102	2110	2117	2121
2100	2101	***	▲	2103	2111	2118	2122
2101	2102	***	▲	2104	2112	2119	2123
2102	2103	***	▲	2105	2113	2120	2124
2103	2104	***	▲	2106	2114	2121	2125
2104	2105	***	▲	2107	2115	2122	2126
2105	2106	***	▲	2108	2116	2123	2127
2106	2107	***	▲	2109	2117	2124	2128
2107	2108	***	▲	2110	2118	2125	2129
2108	2109	***	▲	2111	2119	2126	2130
2109	2110	***	▲	2112	2120	2127	2131
2110	2111	***	▲	2113	2121	2128	2132
2111	2112	***	▲	2114	2122	2129	2133
2112	2113	***	▲	2115	2123	2130	2134
2113	2114	***	▲	2116	2124	2131	2135
2114	2115	***	▲	2117	2125	2132	2136
2115	2116	***	▲	2118	2126	2133	2137
2116	2117	***	▲	2119	2127	2134	2138
2117	2118	***	▲	2120	2128	2135	2139
2118	2119	***	▲	2121	2129	2136	2140
2119	2120	***	▲	2122	2130	2137	2141
2120	2121	***	▲	2123	2131	2138	2142
2121	2122	***	▲	2			

PROJECT FINANCIAL STATEMENTS (exclusive of GST/HST)

Costs	Policy-Approved Indicative Cost		Project Approval	Total Cost Estimate With FMC-Approved Increases	Approved	Expenditure Authority Expenditure to Last Timester
	(Date)	Acquisition (\$M)	FMC Cost (\$M)	Contingency (\$M)	Total (\$M Millions)	
2000-08-17	N/A	\$ 2,815.0 Public	\$ 200.0 Public	\$ 100.0 Public	\$ 3,125.0 Public	\$ 2,835.0 Public
	N/A	N/A	N/A	N/A	N/A	\$ 200.0 Public
	N/A	N/A	N/A	N/A	N/A	\$ 100.0 Public
	N/A	N/A	N/A	N/A	N/A	\$ 3,125.0 Public
						\$ 3,174.0 Public

THE JOURNAL OF CLIMATE

Contractor Financial Status (This section is to be updated in consultation with PSPO) (Inclusive of GST/HST.)					
Contractor	Deliverable	Approved Contracting Authority	Contract Information	Expenditure to Last 12 months	
		Value (in Millions)	Approval Date	Contract Date	Value (in Millions)
Storksky (Acquisition of 28 Maritime Helicopters)	28 Maritime Helicopters	\$1,926.2	2014-08-05	2016-07-22	\$1,926.2
Storksky (In-service support)	Aircraft In-Service Support to 2038	\$1,777.6	2014-08-05	2016-12-22	\$1,777.6
Curtiss-Wright Industrial Technologies (C-RAST)	12 sets of C-RAST equipment and 2 spares	\$4.0	2008-12-11	2004-08-17	\$4.0

THE JOURNAL OF CLIMATE

Note: Cost numbers in CEN have been

PLANNED/POTENTIAL USE OF MOU		Name of MOU	MOU Partners	Used for
				To obtain information only
Assessment of Air-Meter Conflict	NAIRC			

Volume 2 Number 4 1997

MH/PSPC Fiscal Year 18-17  
DND/PSPC  
To procure for project

JOURNAL OF CLIMATE VOL. 17, NO. 10, OCTOBER 2004

<b>CONTRACT TITLE:</b>	Arctic Offshore Patrol Ship (AOPS) and Joint Support Ship (JSS) In-service Support (AJISS)	
<b>DATE:</b>	February 13, 2017	<b>PHASE:</b> Ongoing Operations
<b>OBJECTIVES:</b> The contract consists of the provision of in-service support to the Royal Canadian Navy (RCN) for two new classes of naval ships that include the Arctic Offshore Patrol Ships (AOPS) and the Joint Support Ships (JSS).		
<b>PROCUREMENT STRATEGY:</b> AJISS is a competitive Request for Proposal (RFP) that used an administrative two- step evaluation process. Evaluation is based on a Technical and Relational rated criteria using the AHP methodology. (see additional information below)		
<b>ACHIEVEMENTS:</b> RFP closed November 8, 2016 with 4 Bids received. The Technical and Relational Evaluation completed on 14 Dec 16, earlier than planned. Bidders' notified of ranking on 21-Dec-16. Highest Ranked Bidder invited to negotiate specific Financial Terms 21-Dec-16. Negotiations begin 18-Jan-17 and completed 8-Feb-17 (22 days later).		
<b>KEY MILESTONES:</b>		
Milestone	Planned	Actual
Industry Engagement	29-Oct-12	Industry Engagement went from October 2012 to June 2016.
Procurement/Sustainment Strategy A	1-Sep-16	
Request for Proposal Posted	8-Jul-16	
Request for Proposal Closed	25-Oct-16	8-Nov-16
Evaluation Complete	16-Dec-16	14-Dec-16
Contract Authority	4-May-17	
Contract Award	6-May-17	
Initial Operational Capability	1-Dec-19	
Full Operational Capability	1-Dec-27	
Contract Expiration	31-Mar-54	
<b>FINANCIALS</b> (numbers in <b>GREEN</b> above have been released to the public, numbers in <b>RED</b> have not been released)		<b>VALUE (BY MILLIONS)</b>
Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)	\$	NA
Major In-Service Support Contract (over 35 years)	\$	5,200.00
Personnel Operations and Maintenance (Dept's estimate over years, excluding ISS cost)	\$	NA
Estimated Life Expectancy ( )	35	NA
<b>TIMELINE</b>		
Today		
◊ Request for Proposal Closed		
◊ Evaluation Complete		
◊ Procurement Authority		
◊ Strategy Approval Contract Award if* when the Sustainment Initiative applies		
◊ Request for Proposal Received		
◊ 2017 2019 2021 2023 2025 2027 2029		
Initial Operational Capability		

BUDGET (exclusive of GST/HST)						
Costs	Policy-Approved	Total Cost Estimates	Expenditure Authority			
Date	Indicative Cost (See Additional Information)	Approval	Approved	Expenditure to Last Trimester		
Acquisition (\$M)						
POM Cost (\$M)						
Contingency (\$M)						

**Total (by Millions)**

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**CONTRACTS FINANCIAL STATUS** (This section is to be updated in consultation with PSPC) (inclusive of GST/HST)

Contractor	Deliverable	Approved Contracting Authority	Value (by Millions)	Approval Date	Value (by Millions)	Contract Date	Expected to Last Trimester
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
		CAD		CAD		CAD	CAD
To be completed after Contract award TO BE AWARDED OCT 2017							

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**PLANNED POTENTIAL USE OF MOU**

Name of MOU	MOU Partner	Used for
N/A		

**ADDITIONAL INFORMATION**

**Procurement Strategy Continued:** Value Proposition rated criteria and a Financial proposal of required labour categories including mark up on emergent work.

**Industry Engagement Continued:** The intention of this engagement was to solicit feedback from Industry during the development of the procurement strategy and solicitation documents. Industry was instrumental in the development of the RFP that is to be posted for competition.

**Points of Note Continued:** The exercise of an optional extensions will be at the discretion of Canada and will take into consideration contractor performance as measured through key performance indicators and operational requirements. If Canada chooses not to extend the Contract period due to poor Contractor performance indicators, as soon as, in Canada's opinion, the Contractor's performance improves . Canada may concurrently exercise an optional extension of one or more years to preserve the five-year contract period.

The approval mechanism used for AJISS was based on the Defence Procurement Strategy (DPS) utilisation of a tri departmental DG lead Governance committee with Records of decision documenting the approvals

**Budget:** PSPC is seeking Contracting Authority approval for AJISS. The Vote 1 Operations and Maintenance (National Procurement) funding in DND is provided through the annual Integrated business planning process which includes National Procurement Oversight Committee (NPOC) governance.

PSPC Responsible DG: Matthew Crawley PSPC Proj. Dir.: Dave Hatherall DND Project Mgr.: Alanna Jorgensen

CONTRACT TITLE:				At Sea Support Services interim Auxiliary Oiler Replenishment (AOR) capability				INDUSTRY ENGAGEMENT							
DATE:		PHASE:		Exploratory Industry Day held in January 2015.											
OBJECTIVES:				Federal Fleet Services (FFS) has reported that there are approximately 100 people currently working on the conversion of the vessel at Chantier Davie Canada Inc. until Summer 2017; 100 people will be employed during the delivery of the vessel.											
This is a Services Contract to provide at sea Interim Auxiliary Oiler Replenishment services for the Royal Canadian Navy (RCN) for a 5 year period with 5 one year options. This is to address the at sea replenishment capability gap until the Joint Support Ships (JSS) are brought into service.				POINT TO NOTE											
PROCUREMENT STRATEGY:				ITBs are not applicable to this contract.											
Directed Contract to Federal Fleet Services Inc. (FFS Inc.) formerly Project Resolve Inc.															
ACHIEVEMENTS:															
Contract Awarded.															
KEY MILESTONES:															
Milestone		Planned	Actual	Notes/Comments											
Contract Award		30-Nov-15		Service Delivery planned to commence in the Fall of 2017											
Initial Operational Capability		Fall 2017													

s.20(1)(c)

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**CONTRACTS FINANCIAL STATUS** (This section is to be updated in consultation with PSPC (inclusive of GST/HST))

Contractor	Deliverable	Approved Contracting Authority		Contract Information		
		Value (by Millions)	Approval Date	Value (by Millions)	Contract Date	Expected to Last Trimester
To be completed after Contract award	First Milestone	CAD		CAD	CAD	CAD
	Second Milestone		CAD		CAD	CAD
	Third Milestone		CAD		CAD	CAD
	Fourth Milestone		CAD		CAD	CAD
	Fifth Milestone		CAD		CAD	CAD
	AWR / Design Modification		CAD		CAD	CAD
		CAD		CAD	CAD	CAD

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**PLANNED POTENTIAL USE OF MOU**

Name of MOU	MOU Partner	Used for

**ADDITIONAL INFORMATION**

PSPC Responsible DG: Mr. Matthew Crawley PSPC Proc. Dir.: Mr. Nicolas Nabaa DND Tech. Dir.: Commander Jacob French DND Project Mgr.: Mr. Louis Saucier



CONTRACT TITLE:		Contracted Airborne Training Services (CATS)		INDUSTRY ENGAGEMENT		
DATE:	February 13, 2017	PHASE:	Ongoing Operations	Between March 2012 and January 2013, 20 companies participated in Industry Engagement activities including an industry day, 5 industry working group meetings & 34 one-on-one meetings. The draft RFP and Statement of Work were released for industry input in August 2013 which lead to amendments to the draft RFP. Final RFP was posted on buyandsell.gc.ca on Aug 3, 2015.		
OBJECTIVES:	Support Services in a live-fly environment to exercise and train a modern, operationally capable, multipurpose combat force that will be responsive to Canada's military needs. Services include live-fly emulation of adversary attack, target tracking/detection and electronic warfare missions.				There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.	
PROCUREMENT STRATEGY:	Open competitive solicitation using a two-step evaluation process. National Security Exception was invoked. Evaluation based on technical & management mandatory & rated criteria, financial and ITB proposals.					
ACHIEVEMENTS:	Extensive industry engagement in advance of CATS III solicitation release. The technical and financial evaluations are complete and the airworthiness validation is currently underway.					
KEY MILESTONES:		SOCI-ECONOMIC BENEFITS				
Milestone	Planned	Actual	Notes / Comments	Commitments to achieving Canadian transactions valued at 100% of the Contract Value.		
Request for proposal posted	4-Jan-13	3-Aug-15	• Dates are CATS III specific; procurement was subject to a re-set following two unsuccessful RFPs (CATS I and CATS II)	There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
Request for proposal closed	30-Mar-13	16-Feb-16	• RFP delayed to reflect updated Defence Procurement Strategy, new ITB strategy and inclusion of two-step process.	There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
Evaluation Complete	17-Feb-17		• Dates under "Planned" for upcoming milestones reflect the current CATS III situation	There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
Contract Award	1-Jun-17		• IOC 12 & FOC 24 months after contract award.	There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
Initial Operational Capability	1-Jun-18		• If exercised, Option 2 ends March 31, 2031	There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
Full Operational Capability	1-Jun-19			There are two types of civilian aircraft used in this service, a multi-engine non-fighter role aircraft similar to a business jet, and a smaller aircraft, called the Alpha jet which simulates a fighter role for training purposes.		
ISSUE/RISK ASSESSMENT		Area	Previous	Current	Issue/Risk Summary	
Scope					Schedule: Because of delays with evaluation completion, Treasury Board approval and contract award are at risk. However, the interim Contracted Airborne Training Services standing offers are in place until December 2017 with options to extend up to 12 additional months.	
Schedule						
Budget						
Human Resources						
Procurement						
ACQUISITION (BY MILLIONS)		IRB/ITB/VP				
Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)	\$	N/A				
Major In-Service Support Contract (over N/A years)						
Personnel Operations and Maintenance (Dept's estimate over 10 years, excluding ISS cost)	\$	Other				
Estimated Life Expectancy ( N/A )		Other				
TIMELINE						
Today						
		Initial Operational Capability				
		Full Operational Capability				
2015						
2017	◆	Contract Award	2019	◆	Option 1	
		Request for proposal closed			◆ Option 2	
					2029	

**BUDGET (exclusive of GST/HST)**

Costs	Policy-Approved Indicative Cost	Total Cost Estimates	Expenditure Authority	
Date	Approval	With IRMC-Approved Increases	Approved	Expenditure to Last Trimester
Acquisition (\$M)				s.69(1)(g) re: (a)
PCM Cost (\$M)				s.69(1)(g) re: (c)
Contingency (\$M)				N/A
<b>Total (by Millions)</b>				N/A

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (inclusive of GST/HST)**

Contractor	Deliverable	Approved Contracting Authority		Contract Information (by Millions)	
		Value (by Millions)	Approval Date	Value	Contract Date
	Training Services	CAD		CAD	CAD
	Additional Aircraft	CAD		CAD	CAD
	Standby Aircraft	CAD		CAD	CAD
	Cancellation Fees	CAD		CAD	CAD
	Fuel	CAD		CAD	CAD
	Ferry	CAD		CAD	CAD
	Travel & Living	CAD		CAD	CAD
	Add. Training Events	CAD		CAD	CAD
	Add. Work Requirements	CAD		CAD	CAD
	Performance Incentives	CAD		CAD	CAD

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

**PLANNED POTENTIAL USE OF MOU**

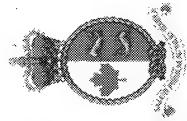
Name of MOU	MOU Partner	Used for
Oversight of Civilian Operators and Aircraft Contracted to Conduct Military Operations for DND	DND and Transport Canada Civil Aviation	Support for Airworthiness Regime

**ADDITIONAL INFORMATION**

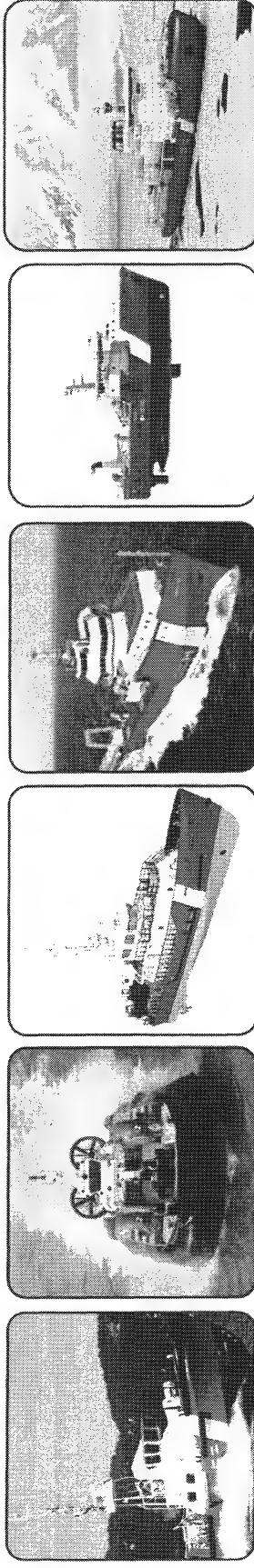
**POINTS TO NOTE:** ... will need to be adjusted to account for time to conduct same Airworthiness Validation for second ranked bidder. The interim Contracted Airborne Training Services standing offers expire in December 2017 with options to extend for 12 additional months.

**BUDGET:** Information based on a contract award in FY17/18 for a 10 year contract period plus 4 one-year options. The IRMC value is negative due to an \$8M reduction in FY17/18 and FY18/19.

PSPC Responsible Dg:	Alvin Hamel	PSPC Proc. Dir.:	Marie-Hélène Roberge	DND Tech. Dir.:	Maj. Robert Neske	DND Project Mgr.:	Leslie Blades
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Category First, Service Always



# Procuring Coast Guard's Fleet for the Future

## FOR INFORMATION

Deputy Minister Governance Committee – March 10, 2017

Document Control

Recipient #27

Package: 96

Date of Delivery: MAR 08 2017

Canada

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**of the Access to Information Act  
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**Page 249**

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**21(1)(b), 21(1)(a), 69(1)(g) re: (a), 69(1)(g) re: (c)**

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de la Loi sur l'accès à l'information**

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**21(1)(b), 21(1)(a)**

**of the Access to Information Act**  
**de la Loi sur l'accès à l'information**

**Status of Action Items Requested by the Deputy Minister Governance Committee**

**Legend:**

- ✓: Task completed.
- : Item expected to be completed within 3 months of the decision.
- : Item expected to be completed between 3 and 6 months of the decision.
- : Item expected to take more than 6 months of the Governance decision.
- : Item an ongoing requirement

Committee	Agenda Item	Action Items	Notes	OPI	Status
DMGC February 10, 2017	OFSV-OOSV Gap Analysis Update	<p>1. Prepare a written outline in consultation with VSY of the problem statement, mitigation options and recommendations to DMGC.</p> <p>2. Facilitate 3rd party validation of VSY costs.</p> <p>3. Coordinate a Special DMGC.</p>	<p>Progressing</p> <p>CCG to coordinate in advance of a special DMGC. CCG committed to preparing a paper, in consultation with VSY, which will outline the problem, the mitigation options and recommendations to DMGC.</p> <p>Progressing.</p> <p>It was confirmed by ADM PSPC (AB) that no validation has been completed yet and that one will be initiated by PSPC</p> <p>Progressing.</p> <p>A special DMGC on OOSV-OFSV to be arranged to reach a final decision on the way forward</p> <p>s.69(1)(g) re: (a)</p>	<p>CCG</p> <p>●</p> <p>PSPC ADM (AB)</p> <p>●</p> <p>DPSS</p> <p>●</p>	

## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

Committee	Agenda Item	Action Items	Notes	OPI	Status
	s.69(1)(g) re: (a)			DPSS and CCG	●
Shipbuilding Costs and Premiums in Canada	Develop a Government of Canada communications approach in advance of the release of the PwC Report.	Progressing.  PSPC Communications is developing responsive communication lines in advance of the release of the report.		PSPC Communications in partnership with PSPC ADM (AB)	●
Roundtable and Closing Remarks	5. Leverage the Defence Analytics Institute (Avasent) to develop an educational and contextual report on the broader economic considerations of the NSS drawing on existing cost and premium analyses (including PwC report) and ongoing work from ISED on the application of the ITB policy.  6. NSS Annual Report to Parliament: Distribute updated report to Ministers for approval and simultaneously to DMGC members for information recognizing the potential need to table the report to Parliament before releasing to the public.	Progressing.  ISED is working with Avasent on the scope of a broader study. Timelines to be confirmed.	SED	PSPC ADM (AB) in partnership with PSPC Communications	●
DMGC January 17, 2017 (Shipyard meetings)	1. Canada to investigate options for consolidating the 114 program proposals identified by VSY.  2. Inclusion of granular detail in an updated Risks/Opportunities Register that directly ties to VSY's Integrated Program Schedule and addresses actions being taken by Canada and VSY to mitigate	Progressing.  A plan for consolidating the 114 Program Programs is due to DMGC on March 10, 2017	Non-Combat Executive Governance Committee	PSPC ADM (AB); support from CCG/ADM DND	●

## Defence Procurement Strategy

## Stratégie d'approvisionnement en matière de défense

Committee	Agenda Item	Action Items	Notes	OPI	Status
ISI presentation	risks, for DM oversight.	the January 30, 2017 ADMC. First set of risks, associated mitigation and action plan to be discussed at ADMC in April and subsequently at DMGC in May 2017.			
DMPG December 13, 2016	3. Setting a firm CSC Production Date: DMs to begin a discussion on whether a firm production date could be established for CSC recognizing Canada's experience on AOPS Discussion from the current tentative schedule before the next semi-annual meeting with ISI.	Progressing.  To be discussed by Governance in Summer 2017.	Combat Executive Governance Committee		
DPS Project Status Reports	Program Level Summaries (combat and non-combat) of Issues & Risks:	<p>1. Unpack the risks, specifically the production gap, and add timelines, mitigation options and accountabilities.</p> <p>2. All departments, agencies and their respective Communications teams will work collaboratively on developing a communications strategy and protocols to communicate cost increases on major defence and CCG procurements to the public.</p>	<p>PSPC ADM (AB) with support from DPSS</p> <p>First set of risk and associated mitigation and action plan to be discussed at ADMC in April and subsequently at DMGC in May 2017.</p> <p>Progressing.</p>	PSPC (AB) and PSPC Communications; supported by DND, CCG, and ISED	<p>[NSS portion has been subsumed into TBS work]</p> <p>s.69(1)(g) re: (a)</p>

**Defence Procurement  
Strategy**

**Stratégie d'approvisionnement  
en matière de défense**

Committee	Agenda Item	Action Items	Notes	OPI	Status
	Sole-Sourcing for Economic Benefit:			PSPC and ISED	●
DMGC November 15, 2016 s.21(1)(a) s.21(1)(b) s.23	Master Schedule	<p>1. DPSS will present the Master Schedule to ADMC so that the dates can be reviewed:</p> <ul style="list-style-type: none"> <li>➤ DPSS will attribute any changes made to the Master Schedule to a source in the Change Register so that information can be verified if required.</li> <li>➤ DPSS will provide additional information in the Change Register relating to the implications/consequences of items in the schedule.</li> </ul>	<p>Progressing.</p> <p>DPSS has provided additional information in the Change Register. A source will be added to the Change Register in time for DMGC in April 2017.</p>	DPSS	●
	Roundtable and Closing Remarks	<p>2. DMGC to keep Global Affairs updated on contact with foreign governments.</p> <p>(Note: This will be an ongoing item).</p> <p>3. INAC to provide update on indigenous procurement at a later date.</p>	<p>Progressing.</p>	All	●

## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

Committee	Agenda Item	Action Items	Notes	OPI	Status
DMGC October '14 2016	Defence Procurement Strategy Projects Status Report	1. NSS Program Level Risk Tracker to be developed – possibly within the Executive Summary.	they were fully established.	PSPC/NSS-PMO	○

#### Legend:

✓ : Task completed.

○ : Item expected to be completed within 3 months of the decision.

○ : Item expected to be completed between 3 and 6 months of the decision.

● : Item expected to take more than 6 months of the Governance decision.

○ : Item an ongoing requirement.

**List of Completed Deputy Minister Governance Committee Items:**

<b>DMGC February 10, 2017</b>	<b>Shipbuilding Costs and Premiums in Canada</b>	Collate feedback from member departments and develop a proposed response from DMGC Chair to ISI on the PWC Report. Draft response will be staffed through DMO/PSPC.	Completed. The feedback was collated, and the letter was signed by DM PSPC.	✓
<b>DMGC January 17, 2017 (Shipyard meetings)</b>	<b>Vancouver Shipyard Presentation</b>	Analysis of OFSV/OOSV Gap: VSY to conduct and provide detailed costing of the gap based on factors of how many workers and skill sets will be affected, and when.	Completed. VSY has provided a cost of the gap and preliminary numbers of the workers affected. This was discussed at DMGC on at the February 10, 2017.	✓
	<b>ISI Presentation</b>	PWC Value for Canada Report: Core departments will have a working-level discussion on the report and prepare a consolidated response to ISI from Canada. Outcome of the working-level discussion and draft response will be briefed to core ADMs and DMs.	Completed.	✓
	<b>DPS Project Status Reports</b>	DPS Project Status Report for iFCP - remove from DMGC oversight.	Completed.	✓
<b>DMGC December 13, 2016</b>		The new Quad Chart for services was not flagged during discussion. DM endorsement is required. This will need to be revisited at the next DMGC.	However a subsequent decision was made at ADMC on February 17, 2017 to re-add iFCP.	✓
		The IAOR project level risk should be tracked at the program level due to interdependencies.	Completed.	✓
		The service quad charts are now bring reported, and capture project level issues.	Completed.	✓

**Defence Procurement  
Strategy**

**Stratégie d'approvisionnement  
en matière de défense**

<i>Master Schedule</i>	DMS to take one final perusal of dates in the Master Schedule.	Completed.	✓
		Approved after secretarial review ahead of	
<i>Semi-Annual Meeting with Shipyards:</i>	Circulate a new agenda and set of questions to deputies.	Completed.	✓
<i>Opening Remarks and Approval of the Summaries of Discussion</i>	DND to make revisions to the Shipbuilding Costs and Premiums in Canada deck and add a conclusion slide and a recommendation for moving forward	This is circulated ahead of the shipyard meetings held on January 17, 2017.	✓
<i>DMGC November 15, 2016</i>	DND will table the updated Shipbuilding Costs and Premiums in Canada deck for an ADMC and DMGC discussion in the near future.	Completed.	✓
<i>Defence Procurement Strategy Projects Status Report</i>	List must be created which outlines actions to be taken by government and the shipyards for OFSV (PSPC lead, CCG to support).	DND made changes and updates which were discussed at ADMC on January 27, 2017 and at DMGC on February 10, 2017.	✓
	All members need to inform their Ministers' offices on the guidance surrounding CSC engagement activities – officials are not to field any	Included in the Integrated Program Schedule and Risk Register.	✓

s.69(1)(g) re: (a)  
s.69(1)(g) re: (c)

7  
Updated: 8 March 2017

## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

	questions or have discussions on CSC with industry or foreign governments while the CSC design RFP process is ongoing.	The RFP for CSC is currently released.
	In advance of the next DMGC, ADMs will take the following actions; <ul style="list-style-type: none"> <li>➢ Clarify what the program issues are for OOSV;</li> <li>➢ Identify what the measures are that will be taken by the Government of Canada and the shipyards; and clarify what the plan is moving forward for OOSV.</li> </ul>	Completed.  The design and production engineering contact was signed for OOSV in December 2016.
	PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue.  s.20(1)(c) s.21(1)(b)	Completed.  [Redacted]
	A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: <ul style="list-style-type: none"> <li>➢ Discussion of risk and mitigations strategies, specific to each of the yards and the Government – ADM D&amp;M PSPC lead.</li> <li>➢ Shipyards to “unpack” their concerns in general, but also specific to governance.</li> </ul>	Completed.  [Redacted]
Contracting Tools and Incentives for Shipbuilding	PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. <ul style="list-style-type: none"> <li>➢ The revised deck will be shared by PSPC for a secretarial review for approval.</li> </ul>	Completed.  [Redacted]
s.69(1)(g) re: (a)	DPS to action that the next DMGC include a discussion on Steve Brunton's paper on incentives.	Completed.  The education papers were tabled at DMGC on February 10, 2017.

**Defence Procurement  
Strategy**

<b>Stratégie d'approvisionnement en matière de défense</b>	
<i>Roundtable and Closing Remarks</i>	PSPC to provide guidance to Global Affairs, and others, on industry and foreign government engagement.
	Completed.

*NSS Annual Report to Parliament*  
PSPC informed members that DPSS will follow up with the respective DM offices on how the outstanding agenda items will be considered.

s.21(1)(b)  
s.65(1)(g) re: (a)  
s.65(1)(g) re: (c)

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Updated: 8 March 2017

000259

## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

		2016	2017
		Build in Canada Cost benefit analysis Statement of Work	Opening Remarks and Approval of the Summaries of Discussion
DMGC	August 26, 2016	PSPC to confirm the status of Minister Foote's letter at the DMGC September 9, 2016.	Completed.
DMGC	August 26, 2016	Roundtable and Closing Remarks	DPS Secretariat to issue a task to the Shipbuilding Advisor for the first 4 education papers
			A follow up meeting regarding the Rules of Engagement (RoE) is required.
			ADMs to look at how to present analysis on project and program risks in future briefings as well as a briefing on how schedules are set.
			Follow up briefing is required on the role of Canada and ISI in the selection of the total ship design reference points.
DMGC		CCG's SPAR Earned Value Management Report Analysis and	The CCG will report back on VSY progress at ADMC in 3 months (October).
			Completed

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Updated: 8 March 2017

s.21(1)(a)  
s.69(1)(g) re: (a)  
s.21(1)(b)  
s.69(1)(g) re: (c)

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## Defence Procurement Strategy

### Stratégie d'approvisionnement en matière de défense

Recommendation on Next steps	Next steps	Completion status
July 29, 2016  Special DMGC February 5, 2016	CCG – Fleet Recapitalization  CCG to come to DPS Governance (Summer 2016) to explain how it will implement a regime to perform requirements reconciliation on its upcoming projects.	Completed.  Linked to CCG's current RFI for Interim measures for program delivery gaps. DMGC was briefed on RFI to close interim capability gaps on July 15, 2016.
Special DMGC January 14, 2016	Hitachi Report – Discussion of Key Findings and Recommendations  As part of the efforts to address the "mechanical" issues, DPS will work with the Marine Sector to include program-level discussion into DPS governance meetings.	Completed
DM Workshop July 2, 2015	NSS  Identify benchmarks to evaluate cost and competitiveness for shipbuilding. (e.g. premiums, Canada vs. other countries)	Completed



Approved by Andy Smith

s.69(1)(g) re: (a)  
s.69(1)(g) re: (c)

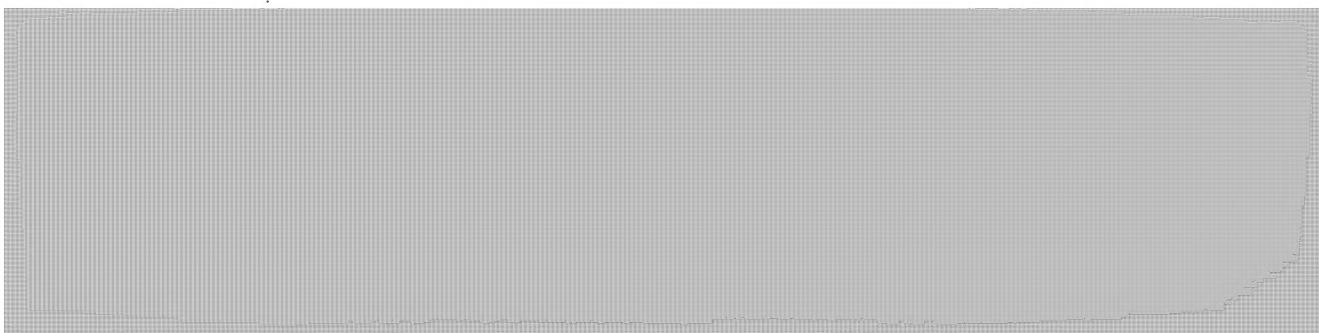
Docket #: 2019-009-00082  
Security Classification: SECRET

**SCENARIO NOTE FOR THE DEPUTY MINISTER**

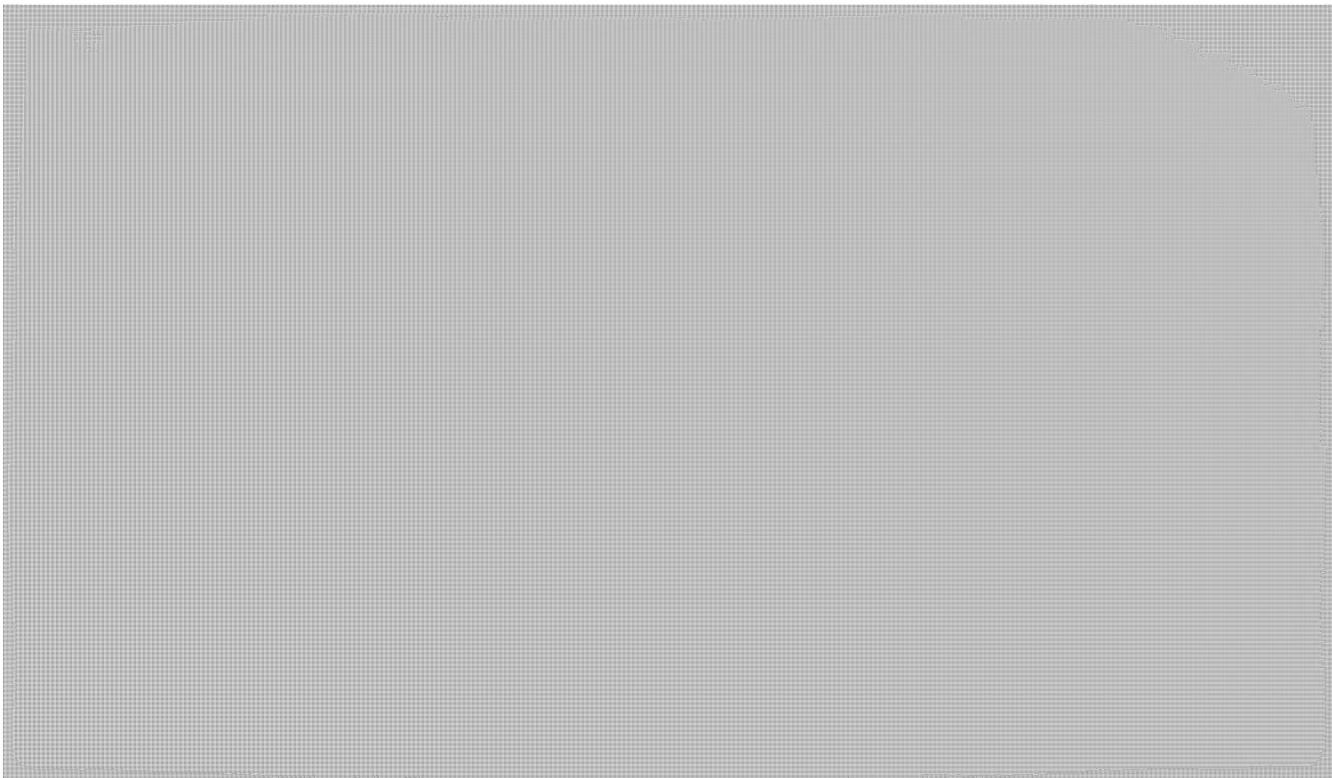
**MEETING WITH THE DEPUTY MINISTER GOVERNANCE COMMITTEE  
(NATIONAL SHIPBUILDING STRATEGY FOCUS) – FEBRUARY 22, 2019**

**Date and Location of Meeting**

The meeting will take place in the Michael Nurse Boardroom, 17 A1 (Tower A), Place du Portage Phase III, on Friday, February 22, 2019, at 8:00 A.M.



The meeting will begin with a short (approximately 20 minute) briefing on the Department of National Defence fighter jet project.



**Pages 263 to / à 264  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**69(1)(g) re: (a), 69(1)(g) re: (c)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**



SECRET  
GCCMS #: 2019-009-00082

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To: Timothy Sargent Date:

Object: **DEPUTY MINISTER GOVERNANCE COMMITTEE MEETING (NATIONAL  
SHIPBUILDING STRATEGY FOCUS) – FEBRUARY 22, 2019**

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From: Robert Wight, Director General, Major Projects

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Via: Andy Smith, Deputy Commissioner, Strategy and Shipbuilding

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Additional approvals:

Jeffery Hutchinson, Commissioner, Canadian Coast Guard

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Material for the Minister

Your Signature

Information

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Remarks: Meeting documents are expected to be distributed prior to the meeting.

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Drafting Officer:

LESLIE CHEESEMAN (343-998-1615)/ D. BRETON / lc

**Pages 266 to / à 268  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**69(1)(a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**